

THE
ROUND TABLE
A Quarterly Review of
BRITISH
COMMONWEALTH
AFFAIRS



Contents of Number 189

SPUTNICANA

THE CRISIS OF STERLING

A GIRDLE ROUND THE EARTH

ADENAUER THE EUROPEAN

HEAVY WEATHER AT WASHINGTON

ADMINISTRATIVE JUSTICE

RACE IN BRITISH AFRICA

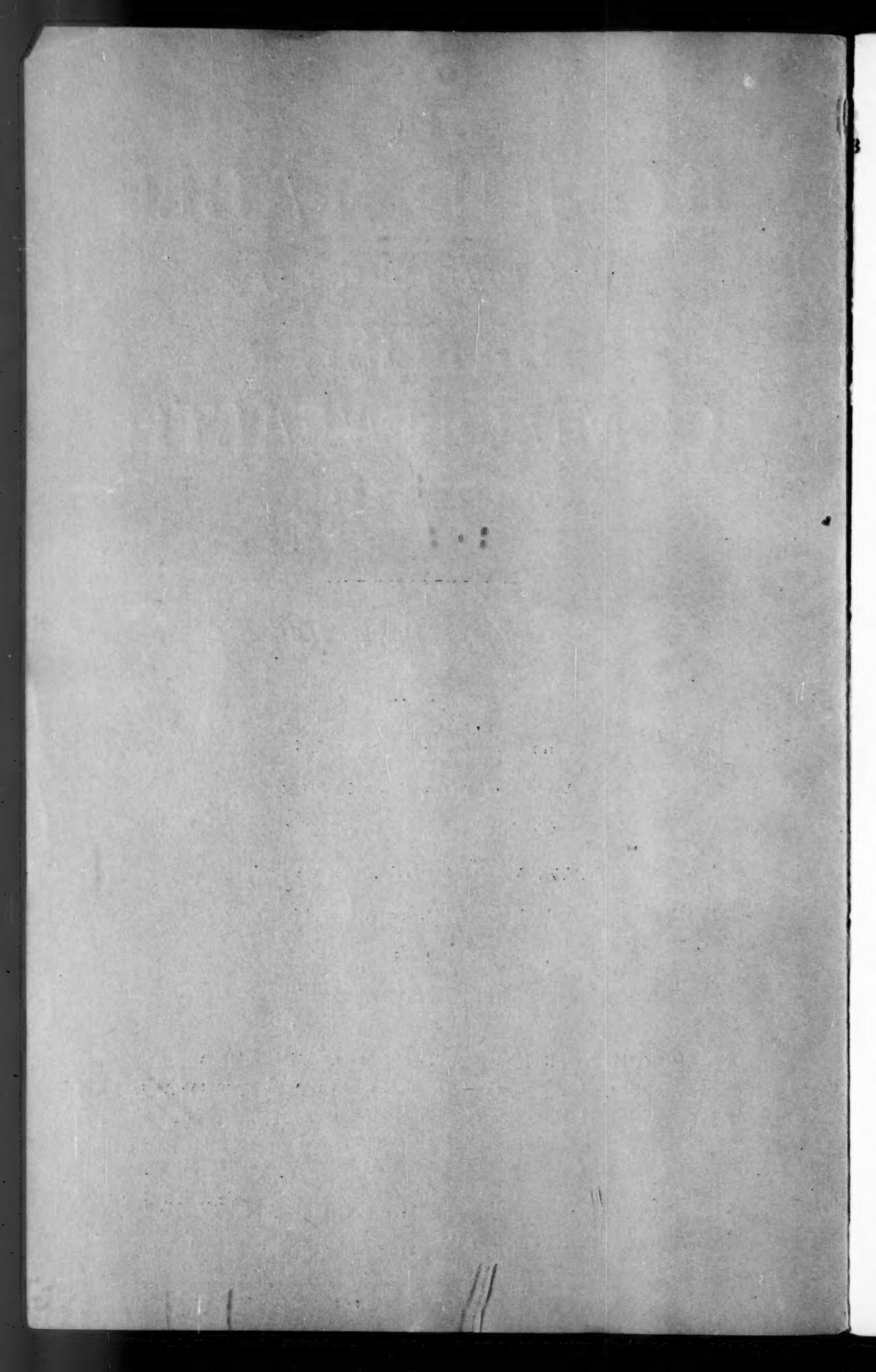
And Articles from Correspondents in

**UNITED KINGDOM IRELAND PAKISTAN CANADA
AUSTRALIA NEW ZEALAND RHODESIA AND NYASALAND**

December 1957

Price 7s. 6d.

By Air Mail Ten Shillings



THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE, which appears every March, June, September and December, can be obtained through any Bookseller or through:

GREAT BRITAIN, IRELAND, SOUTH AFRICA, AUSTRALIA, AND THE UNITED STATES :
THE ROUND TABLE, LTD., 15 Ormond Yard, Duke of York Street, London,
S.W. 1.

CANADA : H. W. Macdonnell, 1404 Montreal Trust Building, 67 Yonge Street,
Toronto, Ontario.

NEW ZEALAND : The Secretary, THE ROUND TABLE, G.P.O. Box No. 877,
Wellington.

Any would-be-reader of THE ROUND TABLE who has difficulty in obtaining it through his usual bookseller is requested to write at once to the nearest of these addresses.

The price of THE ROUND TABLE is 7s. 6d. or \$1.25 per copy, and the annual subscriptions (including postage) 30s., in U.S.A. and Canada \$5. There is an air edition at 10s. or \$2.50 per copy, or 40s. or \$10 per annum.

Covers for binding volumes may be obtained at the price of 3s. 6d. from THE ROUND TABLE, Ltd., London, who will also supply back numbers of THE ROUND TABLE at the published price, if stocks allow. A limited number of copies of the Index and Title-page are annually available, free of charge, to those subscribers who bind THE ROUND TABLE, and may be obtained on application to any of the above agents, or to THE ROUND TABLE, Ltd., 15 Ormond Yard, Duke of York Street, London, S.W. 1.

PERMISSION TO REPRINT

For permission to reprint matter that has appeared in THE ROUND TABLE application should be made to the Editor, 15 Ormond Yard, Duke of York Street, London, S.W. 1, or, in Canada and New Zealand, to the Hon. Secretaries of THE ROUND TABLE Groups whose addresses are given above.

THE ROUND TABLE

A QUARTERLY REVIEW OF
BRITISH COMMONWEALTH AFFAIRS

CONTENTS

	PAGE
Sputnicana	3
The Crisis of Sterling	10
A Girdle Round the Earth	19
Adenauer the European	28
Heavy Weather at Washington	39
Administrative Justice	48
Race in British Africa	54
United Kingdom: Climate of the Sputnik Age	61
Ireland: Old Problems, New Policies?	71
Pakistan: A Chameleon Party	76
Canada: The Queen's Speech	81
Australia: South Pacific Commission	87
New Zealand: State of the Economy	94
Rhodesia and Nyasaland: Visit of the Queen Mother	101

No. 189

December 1957

Price 7/6

By air mail 10/-

London: THE ROUND TABLE, LTD.

SPUTNICANA

OPENING OF THE GATES OF SPACE

Πολλὰ τὰ δεινὰ κούδεν ἀνθρώπου δεινότερον πέλει.

SOPHOCLES

SURELY the first thing that needs to be said about the launching of the Russian *sputniks* is that we have reached one of the major epochs in the expanding history of Man. To this Dean Swift's "forked straddling radish", who started without a hammer, has attained. Some 15,516 years* after the Cro-Magnon hunter-artists executed their wonderful likenesses of stags and bisons on the cave-walls of Lascaux, their descendants have broken through the spatial barriers that have confined terrene life since its beginning. This is an achievement to which the great minds of all the ages have contributed. The priests and magicians who recorded the movements of the heavenly spheres in Egypt and Babylonia; Thales, Aristarchus, Archimedes, and Ptolemy; Copernicus and Galileo, Tycho Brahe, Kepler and Newton; Einstein and the new relativist schools of cosmology, have all in their generations helped to map the forward way. In the realization of so long-cherished an aspiration of humanity, all international rivalry, all jealousy of the Russian technologists who have earned the honour of standing first at the opening gates of space, must wither away, abashed by their own pettiness. These men, few of whose names are yet known in the West, have succeeded to the leadership of one of the great enterprises of the human race, and their triumph should inspire not envy but a renewed sense of the Sophoclean exultation, that "many are the marvels but never a marvel like Man".

Motions in Space

A STUDY of the ballistic and other problems that must have been solved by the Russians in order to launch the *sputniks* into their orbits, and of the prospects of further discovery that now open out, will be found elsewhere in this issue.† It will be appropriate here to insert a brief description of the august and simple laws that have been found inherent in the structure of the stellar universe and provide the framework for all movement in space, whether for astronomical bodies or for man-made objects.‡

Early in the sixteenth century Copernicus, reverting from the established Ptolemaic theory to the doctrine propounded by Aristarchus of Samos in the third century B.C., showed that the description of the solar system could be very much simplified by the assumption that all the planets, including the

* Dating by Libby's radioactive carbon method, believed to be accurate within a margin of 10 per cent.

† See p. 19.

‡ The following pages are intended for the benefit of readers whose mathematical and astronomical knowledge is small. Those who learnt these things at their mother's knee are desired to accept the Editor's apology and turn at once to p. 7.

Earth, moved in orbits round the Sun. Later, his description was found not to fit the observed phenomena, the reason, as we now know, being that Copernicus took it for granted that the Sun was at the centre of the orbits, and that the orbits were circular. The discrepancy between the Copernican theory and the facts became more and more apparent with the great body of observations recorded by Tycho Brahe; and on the basis of these Tycho's pupil, Kepler, was eventually able to formulate a true description of the planetary motions, which he expressed in three laws. The first law is that the planets move not in circles but in ellipses, with the Sun not at the centre of the ellipse but at a point called the focus (see below). The second law states that as a planet moves the line joining it to the Sun sweeps over equal areas in equal times. The third law compares the times taken by different planets to traverse their orbits: the squares of these times are proportional to the cubes of the mean distances of the planets from the Sun (or of the major axes of their orbits).

Kepler's laws are purely descriptive of the observed phenomena. Newton, by introducing the concept of force, was able to explain them as consequences of a single principle, to which he proceeded to give a universal application. He showed that a body free to move in a vacuum would necessarily travel in an ellipse in the manner described by the laws, if it were attracted to the focus of the ellipse by a force varying with the body's motion in inverse proportion to the square of its distance from the focus. He further argued that a force of attraction—gravity—varying in just this way, connects every two solid bodies in the universe, such as the earth and the legendary apple of which he is said to have watched the fall.

The ellipse, which is thus found to be the basic pattern of the solar system, is, after the circle, the simplest curve known to mathematics. It is, of course, a symmetrical oval, though not every curve that the eye judges to be oval is a mathematical ellipse. The line joining its two narrower ends, called in astronomy the apses, divides it symmetrically and is called the major axis. The mid-point of the major axis is the centre of the curve, and the focus is a point on the major axis between this and the apse. (There is another focus at the same distance the other side of the centre, and mathematically the curve can be indifferently described with reference to either.) The usual definition of an ellipse makes use of a line, called the directrix, beyond the apse and at right angles to the major axis, and says that the curve is the path of a point that moves so that its distance from the focus is always in the same ratio to its distance from the directrix. This ratio, which is always less than one, is called the eccentricity, and is also the ratio of the distances from the centre to the focus and the apse on the same side.

If the eccentricity shrinks to zero, the focus comes together with the centre and the ellipse becomes a circle. The greater the eccentricity the longer the ellipse becomes in proportion to its width; and if it increases to unity, one end of the ellipse recedes to an infinite distance and we are left with an open curve, called a parabola. If the eccentricity is still further increased a second branch of the curve, back-to-back with the first, will appear, both branches going on to infinity. The double curve is called a hyperbola.

There is no *a priori* reason why all these closely related curves should not exist in the solar system. All the planets move in ellipses of small eccentricity—that is, nearly as broad as they are long. The better-known comets, those which come and go at regular intervals, follow much more elongated ellipses, of eccentricity nearer to one. But there are also comets that move on hyperbolic paths, which means that they visit the solar system only once. They have been caught by the Sun's attraction far out in space, they curve round him, and then they disappear on an endless path that approximates more and more closely to a straight line. They will pursue it for ever, unless they fall into the grip of another star, which may perhaps succeed in holding them where the Sun has failed.

Kepler and the *Sputniks*

THE *sputniks* move in accordance with Kepler's laws, like every other free object in the solar system, from a skied cricket ball to the planet Jupiter. Their distance from the Earth being negligible, measured by the scale of the solar system, they may be taken to share its motion round the Sun, since they are subject to the same solar attraction. They may therefore be regarded as members of an earthly system, moving as a whole round the Sun, and their motion within this system, relatively to the Earth, considered as if the Earth were stationary.

The internal relations of the earthly system conform to Kepler's laws. The cricket ball in flight is also a member of the system; but the oldest established member is the Moon, the original satellite. The Moon moves in an elliptical orbit with its focus at the centre of the Earth, having an eccentricity of about $\frac{1}{18}$. (The orbit of the Earth round the Sun has an eccentricity of about $\frac{1}{10}$, and is therefore more nearly circular.) It may be hoped that the Russian name for the new devices will supersede the term satellite, which they share with the Moon; for they differ in a fundamental particular from the celestial prototype. The Moon continues in her course for ever—or at any rate for incalculable aeons; we know that the *sputniks* are destined to extinction within a few months or years. It is now well within the bounds of scientific probability that artificial bodies will be launched in orbits as permanent as the Moon's; but these are not they. The reason why the *sputniks* are mortal will be apparent presently.

At the moment when the *sputnik* and the rocket apparatus to which it is connected are shot into space they are moving with the Earth's rotation from west to east at a velocity dependent on the latitude. (Its maximum, at the equator, would be rather more than 1,000 miles an hour.) This velocity remains a component of its subsequent motion; but once detached from the Earth the *sputnik* is not further affected by the rotation. Now a number of events occur to modify both the magnitude and the direction of this velocity: there are the original upward impulse and the successive thrusts given as the rockets do their work and fall away. After the last of these thrusts has been given, the *sputnik* is left alone in space, moving at a definite speed in a definite direction. It needs no further driving power to maintain this speed. If there were no interference from outside it would continue in the same direction at

the same speed for ever. (This is Newton's first law of motion.) But we know that there is always interference, of which by far the most powerful component is the earth's gravitation. This is pulling the *sputnik* towards the centre of the earth with a force representing its weight when on the ground reduced in the proportion of the square of its varying distance from the centre of the Earth to the square of the Earth's radius.

This would also happen to the cricket ball. Directly it leaves the bat it begins to move under Kepler's laws in a path that is theoretically an ellipse with the Earth's centre as focus, but one so enormously elongated, that is, with eccentricity so nearly equal to one, that for all practical purposes we regard it as a parabola. The parabola notionally extends to infinity; but it is so promptly intercepted by the Earth's surface (or a fieldsman's hands) that the flight of the ball is soon over. This does not happen to the *sputnik*, if it has been effectively launched. Supposing that at the moment when it begins its independent career it is left moving horizontally, i.e. parallel to the Earth's surface and at right angles to the force of gravity, and supposing also that it has a certain critical velocity, which can be calculated from a simple formula, it will proceed to describe round the Earth's centre an ellipse of zero eccentricity, that is, a circle. But this is not what the Russians have done or wished to do. Their final rocket leaves the *sputnik* still travelling at an upward angle to the horizontal, so that its course is not at right angles to the direction of gravity. It therefore describes an ellipse with the Earth's centre as focus, and of such dimensions that its path, unlike that of the cricket ball, is not intercepted by contact with the ground.

It is now possible to draw important deductions from each of Kepler's laws. The first law, that the centre of attraction is at the focus, not the centre, of the orbit, means that one apse is nearer to that focus (the centre of the Earth), that is, lower than the other. The lower apse is called perigee, the higher apogee. From the second law, that equal areas are traced out in equal times, it follows that the speed of the *sputnik* will vary round the orbit, being slowest at apogee and fastest at perigee. The third law, connecting the time of revolution with the dimensions of the orbit, shows that *sputniks* in the same orbit must traverse it in the same time and with the same variations of pace—conform, so to speak, to the same time-table; and, as we should expect, that the lower down they are the quicker they will circumnavigate the globe.

Though the *sputnik* shares with the whole earthly system its motion of revolution round the Sun, it has been remarked above that once launched it is not further affected by the rotation of the Earth on its axis. The Earth rotates inside the *sputnik*'s ellipse: if the *sputnik* on one revolution passes over the head of an observer on the equator, when it next crosses the equator the observer will have moved away eastwards, to a distance bearing the same proportion to 360 degrees of longitude as the time of revolution of the satellite bears to 24 hours.* From the point of view of the observer the whole orbit has swung westward to the same extent.

All the foregoing explanation has tacitly assumed that the *sputnik* moves,

* This calculation is here over-simplified; for the correction factors necessary in practice see p. 23.

like the Moon, in a vacuum; and no doubt *sputniks* of the future, for which the assumption will be true, will be as immortal as the Moon. They may conceivably be launched into hyperbolic orbits, which will take them, like the non-periodic comets, out of the solar system for ever. The present *sputniks*, however, have not passed quite beyond the outermost fringes of the Earth's atmosphere. Though the atmosphere at this distance is excessively thin (how thin it is one of the purposes of the experiment to determine), it exercises a minute braking effect on the *sputnik*. As has been said, there is only one "time-table" for one orbit; when the speed is ever so slightly checked, the orbit must be changed to one a little lower down, where the atmosphere is a little denser, and the braking effect more. So the process is gradually accelerated, and eventually it is to be expected that the *sputnik* will plunge into thicker air still moving at such a pace that the friction of the atmosphere will burn it up, as we see happening to a meteor. (But the latest American experiments suggest that there may be a way of averting this fate.)

Corruptio Optimi Pessima

IT is painful to turn away from these glimpses of the harmony of the spheres to the discords of the globe round which the *sputniks* revolve. The same achievement that promises so great an enlargement of the human spirit threatens also the enslavement of the peoples by fresh threats of bodily destruction.

The power required to lift the second, half-ton, *sputnik* to the height at which it can enter its elliptical orbit is certainly greater than would be needed to carry a nuclear missile to the apex of a parabola from which it would descend into the interior of a distant continent. Given the power, the problem of directing such a long-range missile upon its target is generally believed to be soluble. Bearing in mind that the territory under the control of the Kremlin extends over 150 degrees of longitude, all parts of all countries must now be deemed vulnerable to the Soviet weapons of mass destruction.

One result of this strategic revolution is bound to be a revolution in international psychology. The *sputniks* have disposed of the general assumption that the supreme repository of technological mastery was the United States. It is quite possible that the reversal of this belief is itself an illusion. All the elements for a solution of the problem of space-flight already existed on paper, and were part of the common stock of knowledge available to scientists throughout the world. Any nation might have been the first to translate them into concrete shape, provided it was willing to devote a sufficient proportion of its best brains and its material resources to this particular enterprise. It may be true that "the technical apparatus needed for the discovery of the Antiproton [by American physicists] is at least as impressive as that needed for launching a rocket: it involves the production of particles of an energy of many thousand million volts, an energy previously attained by cosmic particles only" and that "the launching of an Earth satellite is of less

fundamental importance than the discovery of the Antiproton".* What matters is that the dog-carrying *sputnik* is already part of the world view of many millions of people—some of them in high political office or military command—to whom it would be quite impossible to explain what the Antiproton is.

The majority of these people and their rulers may now be expected to regulate their affairs on the assumption that there has been a clear-cut transfer of the decisive element in world power. The belief that the United States possesses the "ultimate deterrent", with all that has been built upon it, can no longer be expected to influence the conduct of nations. That belief, for example, was implicit in Sir Winston Churchill's famous Fulton speech, on which so much aspiration for the future of the Western world was founded; the political theory of the speech will no doubt be taken as obsolete, because of the disappearance of the interlude of military security that it assumed as the basis of planning. In the eyes of the world the secular movement of power westward has been arrested and reversed. The new post-war community of Western Europe, hitherto kept in being by United States help, will feel its stability undermined. Russia's control of her Eastern satellites will be the more absolute for the recession of any visible counterpoise. In the Middle East, and perhaps farther afield in Asia, those States which have lately tended to look to Russia rather than the West as the source of effective military strength will hold themselves justified by events; and the Bulgarian note to Sir Anthony Eden only a year ago—"We are fully determined to crush the aggressors and restore peace in the East through the use of force"—will be read again with a retrospective sense that after all it contained no element of bluff, even that the Anglo-French withdrawal from Suez, which followed it, was a prophetic acknowledgment of a reversal of the balance of power that has now been publicly registered.

Yet the cardinal factors in the military situation remain very much what they were. By the tests chosen by the West itself Russia has admittedly attained equality with the United States, and perhaps something more. For the first time Great Britain finds itself a spectator on the sidelines of the contest: our contribution, a very substantial one, to the scientific advance of which the *sputniks* in the geophysical year are the symbol is made primarily by the great Jodrell Bank observatory, which has little direct relation to the strategic aspects. It may be that the arrival of the inter-continental nuclear missile as the dominant weapon of world war will make the American bases in the British Isles obsolete, and to that extent render our position safer. But that stage has not yet been quite reached.

The crucial fact remains that annihilating power in the hands of one side in a potential conflict remains annihilating even though still greater power comes into the hands of the enemy. The ultimate deterrent to the launching of unlimited war in the conditions of today is the fear not of defeat but of universal chaos in which victory would lose all meaning. The situation in the United States may be profoundly changed by the new sense that it is within the power of the adversary to inflict even upon its inland cities the

* Mr. H. Motz, in *The Times*, Nov. 11, 1957.

fate of Hiroshima and Nagasaki. There has been no corresponding change for the Soviets. As far as the opposing offensive power is concerned, they stand where they stood in September. Their vast Empire is ringed round by the American airfields, and—unless all these can be simultaneously put out of action by an act of "push-button" war, which is not yet conceivable—they are as vulnerable as ever to American atomic bombers.

The shifting of the balance of advantage in case of nuclear war, whether in fact it has shifted or whether there is only a widespread illusion to that effect, is likely, by working on the minds of men, to bring about a profound change in international relations. In no way, however, does it change the fundamental strategic fact, that nuclear war, by whichever side provoked, is suicidal for both: that in all countries involved the apparatus of civilized living is likely to be destroyed in the very early stages of combat. With that apparatus, in all probability, there will also collapse the power of continuing the nuclear war itself.

It follows that the new developments do not point the way for any early change of defence policy. For survival in the presence of the accumulating engines of world destruction, we have to rely as before on the hope that there will always be sufficient sanity in the government of great nations to treat these horrors as the ultimate deterrent to general war. This deterrent is now of similar weight on both sides: though the West may believe that it does not need to be thus restrained from aggression, the Russian belief to the contrary is what matters in this calculation. For Great Britain and the Commonwealth the first need is to continue providing our share of the deterrent for the Western side. It is in the second place necessary to remain prepared for limited conflicts, which may well become the more frequent and more lightly undertaken because of the growing sense that no great Power any longer dare embark on a conflict *à outrance*; and to be prepared also, in case such a conflict should after all break out, for the struggle to rebuild the fabric of order in the face of an equally crippled enemy, after the cataclysm of mutual extermination by atomic forces has spent itself. Sea power in a long war—which could follow the general reduction to chaos—will be as important as ever, as the Russians themselves tacitly acknowledge by their assiduity in creating their enormous submarine fleet.

And yet something more than this pessimistic conclusion ought to emerge from the spectacular achievement of the *sputnik*. We have now the proof that a vast enlargement of the physical space accessible to men is within reach, if they choose to turn sufficient of their energies to its co-operative exploration—if, that is, the new advance is matched by a comparable enlargement of the human spirit. The same moral is pointed by the realization of the enormous potencies for raising the quality of earthly life inherent in the atomic power of which so fantastic a proportion is at present diverted to destructive purposes. In comparison with the majesty of the prospect opening out before the race, our party quarrels and international rivalries are made to seem more discreditably trivial and irrelevant than ever. The revolving *sputniks* carry in their orbits over all lands their challenge to consider again for what final aim we are all thinking about fighting one another.

THE CRISIS OF STERLING

FINANCIAL POSITION OF THE UNITED KINGDOM

THE most recent of a long succession of post-war financial crises struck the United Kingdom towards the end of the summer. By September the country's reserves of gold and dollars were running out so fast that desperate measures were necessary. Bank rate was raised to 7 per cent, a level for which only two peace-time precedents exist, and severe cuts in the capital development programmes of the nationalized industries were announced at the same time. Furthermore, what seemed to be a new note of determination invested the declarations of Ministers; no attempt was spared to give the impression that this time the treatment was intended to work and would be continued, regardless of sectional opposition in the country, until both our international and domestic economic situations had been re-established on a sound basis.

In retrospect, one can see clearly that the vulnerable point in our economy has remained the same throughout the post-war years. The gold and dollar reserves have at no time since the end of the war been sufficient to take the strain of even moderate, normal, and essentially temporary fluctuations in the British or Sterling Area economies. Comparatively minor maladjustments, therefore, have had to be met time and time again by emergency measures. These measures, in turn, have reacted adversely on the growth and stability of both the United Kingdom economy itself and those of our associates in the rest of the Sterling Area.

Labour and Conservative Governments alike have been at fault in shrinking from measures sufficiently drastic to increase our liquid internal reserves to a level enabling them to perform their proper function—that of acting as a shock absorber. The situation has been allowed to drift. We have moved uncertainly from one crisis to another, adopting temporary expedients when disaster threatened, but returning again to the easy life as soon as the worst difficulties were over. The strength of character necessary to bring this unhappy and unfruitful state of affairs to an end has never been in evidence. We have frequently set out to climb the mountain, but we have always sat down at the first stile.

The post-war economic history of the United Kingdom, therefore, teaches one lesson above all others. Our economic life will be lived on the edge of a precipice until our reserves are restored to a level sufficient to stop the never-ending succession of major and minor balance-of-payments crises with which we have been plagued ever since the end of the war. These crises have for more than a decade bedevilled all attempts to pursue a consistent long-term economic policy. Our progress is continually being interrupted by critical short-term situations, as a result of which cuts have to be made right and left, restrictions imposed, swingeing increases in taxation levied and plans postponed or abandoned. This state of affairs has gone on for far too long; it is not merely harmful, it is intolerable. The first priority of economic

policy henceforth, regardless of the colour of the Government of the day, must therefore be the rebuilding of our reserve position.

A number of writers recently have drawn different conclusions from the situation. They have claimed that the sacrifices (in terms of current consumption and investment) involved in restoring our pre-war position are out of proportion to any prospective gains from such a policy. The arguments of these modern "little Englanders" seem to be based on lack of appreciation of the penalties that are inescapable if we adopt the course they suggest. This article examines the economic cost of alternatives to the building up of our reserves, and concludes that it would in fact be much greater than that of reinstating ourselves as the world's banker. The economic case for giving priority to the gold reserves stands on its own feet, quite apart from supporting moral considerations and arguments relating to the international political consequences of abandoning our financial obligations and responsibilities.

The Nature of Our Crises

EVERY single one of the post-war crises has taken the form of a flight from the pound sterling. The proximate cause of the flight has always been the same—fear that the United Kingdom as banker would have either to refuse payment or to discharge each £1 of debt with a smaller equivalent in gold or dollars than before. The flight has invariably (and it must be said, inevitably) been aggravated by quite normal precautionary measures taken by our own trading community, which accelerates its payments and retards repatriation of its earnings. In addition, a legion of speculators joins in the attack on the currency when it is seen to be threatened, in the hopes of making an easy profit.

These things have happened because our central reserves of gold and dollars, the amount of which is reported monthly to the world, have since the end of the war been manifestly insufficient in relation to the enormous debts payable on demand which we owe as banker-in-chief to the Sterling Area and occasional banker to the world at large. Thus, the position at June 30, 1957 was as follows:

	£ million
<i>Cash Reserves:</i>	
<i>Gold and dollars</i>	762
<i>Other cash holdings</i>	14
	<u>£776</u>
<i>Current Liabilities (other than official funded debt repayable by instalments):</i>	
<i>Current deposits repayable at call</i>	
("Sterling balances" in excess of minimum holdings for commercial purposes and as currency reserves)	(say) 1,800
<i>Readily marketable United Kingdom securities</i>	
held by other countries	(say) 500/1,000
<i>Deposit accounts and other banking balances</i>	
("Sterling balances" only nominally withdrawable at short notice)	(say) 1,700
	<u>£4,000/4,500</u>

THE CRISIS OF STERLING

The reserves shown in this statement would have been much smaller had it not been for a loan of £200 million which we received at the time of the Suez crisis from the International Monetary Fund. Since June, our reserves have greatly diminished; we have borrowed from the Export-Import Bank in order to strengthen our immediate cash position, but have so far been able to avoid the necessity for drawing on the "stand-by credit"—i.e. emergency credit—of \$738 million arranged with the International Monetary Fund.

The result of inadequate reserves has been that the world has watched sterling with nervous eyes, and it will continue to do so until we have greatly strengthened our position. The world cannot easily do without London as a banking centre; but every time some temporary circumstance, let alone a basic maladjustment, causes a downward fluctuation in the reserves the holders and users of sterling fear the worst. If a bank is in difficulties, it is a case of "the devil take the hindmost". Only the first few depositors to withdraw their money may be safe, only fools are caught napping, and so a run begins, even though the downward movement in the reserves which has been noticed and acted on may be (and has in fact usually been) self-correcting if the situation is taken calmly.

The disturbances touching off these nervous reactions are not always of our own making. We can lose gold because of a fall in the incomes of depositors in the rest of the Sterling Area, or a rise in their expenditure; we have recently lost gold, moreover, not merely because sterling has been under suspicion but because another currency (the German mark) has been strong and attracted banking deposits by operators hoping for a profit on a rise in par value. In other cases it has been an increase in our own spending as a result of domestic inflation that has reduced the reserves. But the responsibility for raising our banking reserves in order to cope with such situations is ours, and ours alone. It is our own fault that whenever we have temporarily succeeded in raising these reserves to a somewhat more adequate level, there has been a short-sighted relaxation in government financial policy, bringing the growth in reserves to a halt. Moreover, external events would not have had so disastrous an impact had it not been for the world's justified doubts as to the internal economic situation and policy of the United Kingdom itself. Both these two points march hand in hand, and must be considered together. The effect of the double failure has been that conditions that in the normal course of events would be self-correcting have tended to become cumulative and self perpetuating, since each new crisis is aggravated by the mistrust sown by the previous ones. The root cause of both failures is not in doubt: it is domestic inflation.

Inflation the Enemy

IF the United Kingdom were the only country in the world, our unwillingness to bring our demand for resources more nearly into line with our capacity would show itself merely in the continuous fall in the value of money. We could not in fact consume more than we produced, except by failing to maintain and replace fixed capital, such as houses and factories. Inflation would bring social injustice, and if it proceeded sufficiently fast there would

be serious effects interfering with orderly production, but that would be all.

In fact, however, we are one trading nation amongst many. We have to sell our exports in competition with other manufacturing countries, and inflation cannot proceed faster in the United Kingdom than any inflation that happens to be occurring in the world at large without threatening to price our exports out of the market. The first effect of an inflation at home, which in itself can be regarded as a symptom of the attempt to consume more than we are producing, is to check exports and increase imports. The check to exports comes initially less from the rise in costs than from the home market's overwhelming demand for goods, which makes selling at home all too easy and reduces the incentive of the manufacturers to bother with export markets. Every time we take the brakes off because our reserves have shown a temporary improvement, therefore, we give inflation its head and bring the growth of our reserves to a halt.

Continuing inflation, however, has much more serious implications than this. The very existence of the inhabitants of the British Isles depends on imports of food and raw materials, so that no serious check to the exports with which we pay for them can be tolerated. If inflation continues, it is quite certain that sooner or later the internal price and wage level must make exporting impossible. Failure to deal effectively with inflation, therefore, is quite rightly read abroad as a threat to the current rate of exchange and the precursor to another devaluation, and presents a warning to every country to whom the United Kingdom or its citizens owe money.

This wider significance of inflation is largely unrelated to the immediate adequacy of our gold reserves in relation to our debts. A situation seriously endangering United Kingdom exports threatens devaluation in any circumstances, and our creditors would sooner or later fear being caught unawares by a change in the parity of sterling even if it looked for the moment as if we still possessed the means to repay our debts. In our own current situation, however, matters are obviously seriously aggravated by the inadequate level of our liquid assets. Our financial position is so precarious that a run on the bank is liable to be provoked by every slight suspicion that our balance of payments is under pressure. Small wonder, then, that the recent rounds of large and successful wage claims, out of all proportion to any increase in our output of goods and services, have made our creditors nervous. We no longer have the margins given to us by the 1949 devaluation, and another round or two of similar claims would make another devaluation inevitable.

The Test of Self-interest

THERE would appear, therefore, to be no doubt whatsoever that inflation at home is the enemy, and that this is the eleventh hour; if it is not tackled and defeated now, the next crisis will be one we shall not survive without devaluation and all its painful effects. Furthermore, we shall never succeed in our first task of building up our gold and dollar reserves unless inflation is held permanently in check, despite all the temptations to relax once the immediately acute situation has eased.

THE CRISIS OF STERLING

From what has been said so far, it will be clear that most of our post-war crises have been banking crises. There was an exception in 1949 when sterling was probably over-valued, and unless we now halt inflation in its tracks there will be a similar exception in the near future. Some writers, however, have seriously raised the question whether the United Kingdom should act as a banker to the world at large any longer. On a superficial assessment, it might well be thought that the banking business is more of a liability than a profitable occupation in the new circumstances in which we find ourselves. While it is clear that the constant recurrence of financial crises must be stopped, if necessary at considerable cost, it is still worth considering whether we should not think in terms of liquidating our banking business as an alternative to re-establishing our pre-war position.

Let us first consider the possibility of divesting ourselves of our banking responsibilities by complete repudiation of our banking debt. In so doing we should be going far towards abandoning our position as hub of an empire and financial centre of an even wider trading community, and we should suffer severe economic losses in the process. We are not a country like Russia, which is virtually self-sufficient and can afford to be indifferent to the course of its external trading. For us, the path of financial disrepute can only lead to many economic difficulties. Not the least of these would be the resistance to British exports inevitable in a world where private indignation against our default was at white heat. Sentiment plays a surprisingly large part in business transactions, for all that the cynic may say to the contrary. Even more disastrous, however, would be the purely financial repercussions. Once a country has destroyed its reputation for financial rectitude, all lenders are chary of making advances to or depositing money with its banks, nor will they readily extend even normal trade credit to that country's business undertakings. The economic disadvantages of a bad financial reputation can be seen from the past and present experience of various countries in South America; their full rigour is being suffered at the present time by Turkey and Egypt. For a trading nation such as ourselves the final destruction of our reputation for financial probity would be disastrous.

Finally, repudiation of our banking commitments would invite financial retaliation in the form of sequestration of British assets oversea. It so happens that the return we get from our assets oversea is much higher than the interest charges on the debts we owe. In consequence, although we are net debtors on capital account, our current income from interest, profits and dividends from abroad exceeds the interest charges we pay and the profits and dividends due on foreign investments in the United Kingdom by over £100 million per annum. On current account, therefore, we should actually be worse off if we repudiated the debts and suffered retaliation to a like extent by our creditors oversea. The banking business as such is in fact quite a profitable occupation.

Quite apart from the consequences in the entire sphere of political and strategic relationships following the loss of moral stature, therefore, we can conclude that the cost of simply putting up the shutters on our banking business would be catastrophic. It would reduce our exports by many hun-

dreds of millions of pounds per annum, and our consequent inability to borrow would lead to a hand-to-mouth existence even more precarious than that from which we have suffered since the end of the war.

Apart from repudiating our debts and abandoning the banking business forthwith, however, there is a second possible way of divesting ourselves of our financial burden. This would involve the liquidation of our position by stages over a considerable period of time. The matter could no doubt be arranged in an orderly manner, as some writers have recently been advocating, by funding the debts we owe or by treating those due to underdeveloped countries in the Commonwealth as a pool for their long-term development, to be drawn upon as mutually agreed; in either case, a limit would be placed on the amounts that could be called for repayment year by year. The inevitable result of any such arrangement, however, would be that we should lose the full agreed amount each year as it became due. In other words, we should be involved in continuous debt repayment without attracting any new deposits, a most burdensome process. By the nature of things, moreover, this would extend to all our debts alike; we could hardly hope to discriminate against certain debtors while agreeing to repay others. This vital point appears to have been overlooked by writers advocating special treatment for countries such as Ghana and Malaya. It must be pointed out, moreover, that the burden of a steady drain on our resources for debt repayment will in any case fall on us unless we can create confidence regarding both our worthiness as bankers and the soundness of our currency in terms of purchasing power. The countries needing funds for development will call for them whatever happens. Our other depositors will take their cue from this and attempt to salvage as much as possible from their balances before the reverse becomes a rout.

Whether there is agreement regarding rates of repayment or not, therefore, neither voluntary nor enforced liquidation of our banking position over a period of time can be anything but painful. There are only two ways in which such repayment can be made, given the smallness of our gold and dollar resources; either we must pay with exports bringing in no counterpart in the form of imports, or we must slowly liquidate such of our long-term holdings of earning assets oversea as can be sold. The former course means both a cut in our living standards—present or future—and the abandonment of the highly profitable investments that we are currently making on equity terms in business ventures in and outside the Commonwealth; the latter course means yielding up highly profitable assets in order to repay a debt carrying a comparatively low rate of return.

Should we continue to mishandle our affairs, moreover, so that the pressure for debt repayment becomes heavy and continuous, we shall still not escape the stark necessity for debt repudiation in one form or another, with its disastrous consequences. In other words, it would be a great mistake to suppose that by repaying our debts we could obviate the need for more adequate reserves during most of the period of repayment. Despite a continuous burden of debt repayment, which would certainly not be less than £300 million per annum, and would probably rise to as much as £500 million

in some years, our financial existence would in the absence of higher reserves than at present remain precarious. Our economic development at home would in consequence be bedevilled by the same frequent crises and the same recurrent emergency measures as are caused now by lack of reserves.

Is there not some lesser price by paying which we can avoid the invidious choice with which we are now threatened? Can it really be to our advantage to abandon the position of financial eminence built up over more than a century?

From the point of view of pure self-interest it is almost certainly to our advantage, in both the short and the long term, to restore our reputation as a banker; this could be done by increasing our gold and dollar reserves by some £200 million per annum over a limited period—say, seven years—at the expense of our consumption or investment, domestic or oversea, or both. The very process of strengthening reserves, painful as it must be, would, however, tend to bring two benefits. The first would derive from the control of inflation at home, necessary because it is domestic inflation that chiefly gives rise to the nervousness of our creditors. Quite apart from its undesirable social consequences, such inflation has adverse effects on saving, it distorts the allocation of resources, it results in labour-hoarding and concealed unemployment, and gives rise to a host of undesirable anomalies and mal-adjustments throughout the economic field retarding the growth of national income. The second benefit would derive from our ability at long last to pursue a consistent long-term policy uninterrupted by constant short-term crises.

The Requirements of Banking

THE essential fact of banking life is that the depositor is quite happy to leave his funds where they are so long as he feels he can withdraw them without loss in case of need. Where many depositors are concerned, the chances are that in normal circumstances there will be a depositor adding to his balances for every depositor withdrawing them for current spending. If our credit stood high, we could face with equanimity the prospect that countries such as Ghana would over the years be running down their accounts, since they would in the normal course of events be counterbalanced by other countries, which would be building up the reserves they wish to hold with us. Indeed, given the world shortage of countries with a financial mechanism fitting them for life as an international banker, the ever greater shortage of countries capable of inspiring confidence as repositories of banking funds, and the fact that over half the world's international trade is still conducted in sterling, any substantial improvement in our credit status would almost certainly result in a net inflow of capital from other countries. Short-term funds held by foreign depositors in the United States alone amount to over £3,000 million, and much of this money would probably be more at home in London if it were not for fears of sterling devaluation. If we could re-create some of the confidence we enjoyed in pre-war days, it is more than likely that on balance we should not be involved in any debt repayment at all.

The basis of confidence in the banker is certainly not his ability to repay

every single penny deposited with him at a moment's notice. By that test, no commercial bank in the world is solvent. The banker's assets must merely bear a sufficiently high proportion to the debts repayable on demand to make it improbable that any such call for normal requirements will go unmet. Of almost equal importance, moreover, is the current trend of the banker's daily affairs. The state of confidence in sterling would be very different if there were no constant inflationary threat to the currency, and if year by year we were earning a sufficient surplus on balance-of-payments account to add steadily to our gold reserves and give confidence in our future as a trading nation. The strength of the German balance-of-payments position, for example, has of recent years given such confidence that foreign depositors have had no hesitation in pouring enormous sums into Germany's coffers; the comparative absence of internal inflation, the probability of continued trading strength, and the possibility of an actual appreciation of the currency have sufficed to make Germany credit-worthy despite her deplorable past history. Germany is not a natural home for foreign banking deposits; of all countries in the world only the United States and the United Kingdom can qualify on this account. If, instead of a precarious oversea surplus of less than £200 million per annum (none of which adds on balance to the gold reserves because we are lending or investing the whole amount concerned abroad), the United Kingdom were to run a persistent surplus of £400 million per annum and add half of that sum year by year to her gold and dollar reserves, we should quickly restore the world's confidence. It would not be long before the actual accretion to our gold reserves became larger than this, as a result of an inflow of banking funds from less favoured centres. In banking, as in many other spheres, there is nothing that succeeds like success.

The position, then, is that, by forgoing a little more than 1 per cent of our national income or some 6d. in the £ of our current personal consumption, we could in a few years expect to save a much greater annual cost in the form of debt repayment made unnecessary and other less tangible benefits. We should cease living in a perpetual atmosphere of crisis, and be rid at the same time of the insidious effects of inflation at home. The restoration of our gold and dollar reserves, therefore, can be seen as a matter of purest self-interest; it must henceforth be given absolute priority in our economic affairs, for all apparently conflicting claims are illusory.

Internal Policy

IT will be clear from what has been said so far that the key to the internal financial situation of the United Kingdom lies in controlling inflation at home. There has been much argument of late whether the principal blame for the continued rise in home market prices over the past ten years has been mainly due to government financial policy or to the power of organized labour. It is certainly true that the trade unions have for so long been accustomed to an annual increase in money wages that many of the workers now regard such increases as being theirs of right, in fact as part of the very nature of economic life. Wage claims have become too much of a bad habit to expect them to cease overnight.

THE CRISIS OF STERLING

Nevertheless, the fact remains that the eighteen-year history of wages rising faster than productivity simply marks the failure of successive governments to curb excessive demands on the economy. Throughout the period in question, there has been a shortage of labour. This state of affairs cannot be blamed on wage claims; it has been due to policy at government level. Given an acute shortage of labour, employers are as active as workers in driving up wage rates, outbidding each other in paying more than the minimum trade-union rates and offering only a minimum resistance to formal wage claims. The existing state of inflationary demand convinces employers that higher rates would not stop them from making profits. Indeed, experience has shown that there is no difficulty in passing on higher costs, since the higher wages themselves increase purchasing power.

Our post-war governments have never thought fit to limit the means of payment, in the form of cash and bank deposits, to such an extent that the higher wage and price levels could not be accommodated. They have also shrunk from attacking excessive demand effectively by other means such as high interest rates or sufficiently drastic controls. In the absence of internal economic discipline, however, the only limiting factor left is the certainty that sooner or later higher costs will price exports out of the market. Such a limiting factor has operated only once—in 1949—and was swiftly removed by devaluation of the currency. The margin which that devaluation gave us, together with the fact that our own inflation was to some extent being matched by rising price levels everywhere in the world, has meant that the sanction of inability to export is only now coming back into sight.

There is today every sign that inflation outside this country is being tackled successfully; indeed, the present trend is probably towards worldwide recession rather than further inflation. The United Kingdom now stands, as it has perhaps not stood for more than a century, at an economic parting of the ways. If we do not control inflation now, we shall not have another chance before our reputation for financial soundness and for ability to control our own affairs in a sober and competent fashion is finally destroyed. Failure to achieve a much bigger balance-of-payments surplus, and above all to set about a long-term rebuilding of our gold and dollar reserves, will ultimately be paid for out of the pocket of each one of us. The adjustments required to our economy itself are not really very great; but our ways of thinking need a good deal of shock treatment, and much wishful thinking will have to be deflated. It is the restoration of economic margins in the face of the accumulated bad habits of nearly two decades that constitutes the overriding problem for this country today.

A GIRDLE ROUND THE EARTH

THE ACHIEVEMENT OF THE SPUTNIKS

ONLY a few years ago earth satellites seemed destined to remain in the realms of science fiction for a long time to come. It was not until July 1955, when the American Project Vanguard was announced, that satellites could be said to have emerged into the light of reality. The aim of Project Vanguard was, and still is, to launch before the end of 1958 a few small satellites weighing about 20 lb. Their orbits are to be inclined at about 35° to the equator; so they will not pass over countries such as Canada, Russia and Great Britain, which are at latitudes greater than 35° . Since 1955 the Vanguard programme has proceeded in the full glare of publicity: the design details, the successes and the setbacks have been spread abroad by a host of spokesmen, both authorized and self-appointed. In contrast little was known about the Russian plans beyond the bare statements that satellites would be launched during 1957-58 and that they would reach higher latitudes than the Vanguard. Most people outside Russia were taken by surprise when on the evening of October 4, 1957 the first *sputnik*, nearly ten times as heavy as the proposed Vanguard satellite, began circling the earth. The Russians were congratulated from all sides on their fine achievement. Stronger superlatives were needed on November 3 when a second and much heavier *sputnik* appeared; and the presence of a live dog inside attracted public interest, astonished the scientists, and dismayed the dog-lovers. By the time this article appears other *sputniks* may have joined the pioneers, and the night life of the sky, hitherto rather staid, may be enlivened by a whole series of these brilliant intruders.

To appreciate what the Russians have achieved we should compare the satellite with its humbler antecedents. A man-made satellite falls into the category of ballistic missiles. These are to be sharply distinguished from air-borne vehicles, like aeroplanes, which welcome the presence of the air and persuade it to help them by providing lift. A ballistic missile, on the other hand, functions by reaching as high a speed as possible initially, and then, by virtue of its momentum, going as far as it can before gravity pulls it to earth. The air is merely a nuisance because it reduces the speed and hence the distance covered. Ballistic missiles, ancient and modern, have been most prominent in war—stones flung from a catapult, cannon balls, Big Bertha shells, intercontinental rockets. It is the initial speed that chiefly determines how far these missiles go; and the satellite surpasses its forerunners because it can attain a higher speed.

The range covered by a ballistic missile before it hits the ground varies roughly as the square of its initial speed. Thus a missile with a speed of 1 mile per second will go about 200 miles, the German V2 rocket of 1944 being a typical example. With a speed of 2 miles per second a missile will go nearly 1,000 miles; it is, in the unlovely jargon, an "intermediate range ballistic missile". Four miles per second gives a range of some 4,000 miles, the

so-called intercontinental ballistic missile. With a speed of 5 miles per second the missile does not fall to the ground, but circles the earth as a satellite. Gravity does its best to pull the missile back but only succeeds in preventing it from receding farther. With a speed of 7 miles per second the missile can escape from the earth altogether and wander through the solar system.

From these figures we see that the step from an intercontinental missile (4 miles per second) to a satellite (5 miles per second) is comparatively small, and the satellite, if it weighs much less than the warhead of the missile, may be a rather easier proposition. The second *sputnik*, weighing half a ton, can scarcely be called a lightweight, however. Placing Sputnik II in its orbit must have been as difficult as sending off an intercontinental missile, though the speed and direction of the *sputnik* would not need to be so accurate. Indeed the Russians have apparently developed the satellite and the intercontinental missile in the same year (1957). Thus 1 mile per second was achieved in 1944, 2 miles per second in (presumably) the early 1950's, 4 and 5 miles per second in 1957, and 7 miles per second—when? The answer depends on how quickly rocket motors are improved.

Rocket Motors

A MISSILE wishing to travel at 5 miles per second would be well advised not to remain in the lower regions of the atmosphere: otherwise it would soon be slowed by air drag or reduced to a cinder by aerodynamic heating. So the missile must be accelerated to its high speed in thin air, or in no air at all, and only a rocket motor can provide the necessary thrust. In essentials a rocket motor consists of a heat-resisting combustion chamber in which reactive chemicals (propellents) combine to produce intensely hot gaseous products. The molecules of these hot gases are dashing about very fast in random directions, and to convert this energy into a useful form the gases are passed through an exit nozzle, from which they emerge travelling more nearly in a uniform direction. The higher the speed of this exit jet the greater the thrust produced.

At present the most efficient rocket motors are those in which two liquid propellents react together, kerosene and liquid oxygen being the most popular among the dozens of candidates. Oxygen/kerosene motors can provide enough thrust to propel a satellite into its orbit: the Vanguard missile, for example, is to use fuels of roughly the same efficiency as oxygen and kerosene. Missile weight can, however, be cut down by introducing superior fuels, as the Russians are reported to have done. Such fuels certainly exist, and if they have not yet been widely used it is because they are singularly unpleasant to handle: as a general rule the more powerful the fuel the more unpleasant it is. Two of the most powerful are liquid ozone, which shows a regrettable tendency to explode spontaneously, and liquid fluorine, which vigorously attacks almost everything, including glass and most metals. Besides these liquid-fuel rockets there is a wide variety of the simpler solid-fuel types, the modern developments of the homely firework rocket. A small solid-fuel rocket will

form the third stage of propulsion in the Vanguard missile. But solid fuels are in general less efficient than liquids and so less likely to appear in satellites.

The rockets so far mentioned derive their motive power from the chemical energy of their propellents. Other more advanced forms may soon be feasible. One possible scheme is to employ a nuclear reactor as a source of heat. A working fluid such as liquid hydrogen could be fed to the reactor and would emerge as hot gas, which could be passed through an exit nozzle in the usual way. This nuclear rocket should be more than twice as efficient as a conventional motor, if it can be engineered. But there are some snags: the reactor would be heavy and the exit gases highly radioactive. Nowadays we are, rightly, shy of atomic radiations; and a motor of this type would be regarded as decidedly anti-social if used near the earth's surface. Another possible scheme is the "ion rocket", in which charged particles are accelerated electrically; the exit jet thus consists of a stream of particles instead of a gas. For interplanetary journeys, where a very small thrust is adequate because it can be applied for a long time, the ion rocket seems promising. But it cannot provide the large thrusts needed to overcome gravity near the earth's surface.

Missile Design

ONCE the motor has been chosen, the speed attained by a missile depends mainly on the weight of its structure. It is clearly wasteful to expend energy for the purpose of accelerating empty and useless fuel tanks, and so, ideally, the tanks (which form the major part of the structure) should be cast off continuously as soon as the fuel inside them is burnt. In practice this procedure is scarcely feasible, but we can go some way towards it by dividing the missile into a small number of pieces, or stages, and casting off pieces in succession as soon as their fuel is burnt. This staging principle enables us to obtain higher speeds than would otherwise be possible, but not without large increases in initial weight. As a very rough rule it may be said that, with existing motors and good structural design, a speed of 2 miles per second can be obtained with a single stage of propulsion if the total weight of the missile at launch is about ten times the weight of the payload that has to be accelerated. To obtain 4 miles per second, two stages must be used and the initial weight will be about ten times greater still, or a hundred times the payload. Similarly, 6 miles per second calls for three stages and an initial weight of a thousand times the payload. Thus for a satellite (5 miles per second) a weight at launch somewhere between a hundred and a thousand times the satellite weight is needed. For the Vanguard project the figure is near the upper limit, a thousand. This is because the satellite itself is so small, weighing only 20 lb., and small structures are less efficient, since it is not possible to scale down everything in proportion. The Russian satellites so far launched have been much heavier, and for them the factor is likely to be near a hundred rather than a thousand. The launching weight of Sputnik II, for example, was probably very much less than the 500 tons which has often been quoted recently in the newspapers.

It is not possible to launch a satellite, with existing motors and fuels, unless the staging principle is used. The American Vanguard missile has three stages of propulsion. The first stage weighs about 17,000 lb. and has a liquid-fuel rocket motor. The second stage, also with a liquid-fuel motor, weighs about 5,000 lb. The third stage is a 500-lb. solid-fuel motor and this accelerates the 20-lb. satellite to orbital speed. Though the first and second stages are guided, the third has only a simple form of control, being set spinning about its axis of symmetry so as to average out any errors in direction. We have not yet been told how the *sputniks* are propelled into their orbits, but they probably have either two or three stages of propulsion.

Since every increase in speed has to be paid for in rocket weight it would be folly not to take advantage of the earth's rotation, which can provide a speed bonus of about $\frac{1}{4}$ mile per second near the equator. For this reason most of the satellites we see will be moving in the same direction as the earth, from west to east. When the satellite orbit goes near the poles, however, no advantage can be obtained in this way.

Climbing from the Ground to the Orbit

THE best path for a satellite to follow *en route* from the ground to its orbit is not immediately obvious. Should it perform a stately vertical climb, come to a halt, and then start off again horizontally? Or, to take the other extreme, should it skim along the surface gradually gathering speed, rather like an aeroplane taking off? The happy medium turns out to be nearer the latter procedure. The missile should climb steeply only for the first few miles, through the thickest air, and then turn into a shallow climb. Full thrust should be maintained and when the speed has nearly reached the magic figure of 5 miles per second the motor should be shut off and the missile allowed to coast up to its orbital height. Its speed at this point will not be quite high enough, and the motor must be turned on again for a short time to make up the deficit. The fuel consumption would be kept to a minimum if the missile coasted for several thousand miles, but it would then be necessary to make the final correction to the satellite's speed, as it enters its orbit, at a great distance from the launching point. The required accuracy in speed is easier to achieve if the satellite enters its orbit nearer the launching point, but rather more fuel would then be burnt. For the early satellites a compromise has been made: a coasting period of a few hundred miles has been chosen, for both *sputniks* and Vanguard.

When the satellite enters its orbit it inevitably carries along the motor and empty tanks of its final stage of propulsion: should these be separated from the satellite or allowed to go on with it? The answer depends on the purpose for which the satellite is designed. Sputnik I, for example, was intended to tell us more about the density of the atmosphere. For this purpose the shape of the satellite and the direction in which it is pointing must be known. Now it is not easy to keep a satellite pointing in a fixed direction relative to the earth's surface; it tends to rotate in a rather unpredictable way under the influence

of small aerodynamic forces and the slightly differing gravitational forces acting on its different parts. The way to avoid this difficulty is to choose a shape whose direction does not matter, namely a sphere. So Sputnik I was a sphere and had to be separated from its final stage of propulsion. For Sputnik II, on the other hand, no separation took place. As a result Sputnik II is much easier to observe visually, though less useful for determining air density. In some circumstances the presence of the final stage of propulsion might interfere with the measurements and experiments being made in the satellite, but apparently this was not expected to be a serious trouble in Sputnik II.

The Satellite in its Orbit

WE have so far followed the satellite as it climbs from the earth's surface under rocket power and enters its orbit. After that, if it is to remain a satellite and not become a space-ship, no further propulsive forces act, and it is left to the mercy of gravity and the tenuous atmosphere. If the earth were an exact sphere with no atmosphere the satellite would remain in a plane passing through the earth's centre and fixed in direction: for there would be no force tending to pull it out of this plane. Thus the satellite would go round in this fixed plane while the earth rotated once a day underneath. If the satellite made fifteen revolutions a day, as Sputnik I did at first, the apparent path over the earth's surface would be about 24° farther west on each revolution. Also, the plane of the orbit makes a fixed angle with the earth's equator (65° for Sputniks I and II), and this sets an upper limit to the latitude reached by the satellite. The track of the first two *sputnicks* over the earth's surface always lay between latitude 65° N. and 65° S.

The path of the satellite in the orbital plane may be an exact circle. In general, however, as Newton showed, the orbit, under the inverse square law of gravitation, is an ellipse with the centre of the earth as one focus. (The usual way of drawing an ellipse is to stick two pins into a piece of paper, place a closed loop of cotton round the pins and trace out with a pencil the curve formed when the cotton is kept taut round pins and pencil. Each pin is a focus of the ellipse, and as the two pins are brought nearer together the ellipse becomes more like a circle.)

The simple picture of the orbit given in the previous paragraphs is modified a little in reality. For the earth is not an exact sphere: it bulges slightly at the equator. As a result the plane of the orbit does not remain fixed in direction but rotates very slowly about the earth's axis in the opposite direction to the satellite. So, if the satellite goes from west to east, as it usually does, the plane rotates from east to west. For Sputnik I the orbital plane rotated at about 3° per day; for a near-equatorial orbit the rotation would be more than twice as fast. Though 3° a day may not seem very much, it builds up from day to day and it is one of the chief sources of error when predicting the track of a satellite several days ahead. Another result of this steady rotation is that a satellite which is at first visible in the morning sky will

A GIRDLE ROUND THE EARTH

appear some weeks later in the evening. Sputnik II was to be seen in England at dawn while the dog was alive, and at dusk after the dog had perished. The well-known lines from Plato may well stand as the epitaph of this first space traveller:

Μοτήρ πρὸν μὲν ἔλαμπες ἐνὶ ζωῶσιν Ἐώσ·
νῦν δὲ θανὼν λάμπεις "Εσπερός ἐν φθιμένοις.*

A second important effect of the bulge at the earth's equator is that the orbital ellipse rotates steadily in its own plane, forward for near-equatorial orbits and backwards for near-polar orbits. If, however, the orbital plane is inclined to the equator at one particular angle, 63° , there is no rotation at all. The first two *sputniks*, either by chance or by design, are inclined at near 63° , so that for them the ellipse rotates only very slowly, at less than $\frac{1}{2}^\circ$ per day. Because this rotation is so slow it is much easier to determine their orbits: the *sputnik* crosses a given latitude at very nearly the same height on successive days, and any errors in the measurement of height can be averaged out over several days.

There are other disturbing effects on a satellite orbit, but most of them can be ignored. The gravitational pulls of the sun and moon, for example, turn out to be ten thousand times less important than the earth's bulge. Also it would be more correct, though pedantic, to use Einstein's law of gravitation instead of Newton's. But the change would have a negligible effect.

The only disturbance that is important is that created by the earth's atmosphere, which steals a little energy from the satellite every time it goes round, and by this war of attrition finally brings it down, its energies spent. The density of the atmosphere falls off rapidly as the height above the earth increases, and if the height of a satellite varies a good deal the atmosphere has much the greatest effect when the satellite is nearest the earth. These conditions applied to Sputnik I, whose height varied at first between about one hundred and six hundred miles. As the *sputnik* passed nearest the earth its speed was very slightly reduced by atmospheric drag. This had little influence on the minimum height but it slightly reduced the maximum height at the other side of the earth. So the orbit became more nearly circular, the average height decreased and consequently the *sputnik* went round faster. This speeding up occurs because gravity grows stronger as a satellite comes nearer the earth, and to avoid being pulled down by the increased force the satellite must go round faster. This effect becomes particularly obvious when satellites at different heights are compared: Sputnik I, which at first had an average height of 300 miles, went round fifteen times a day; Sputnik II, with average height 500 miles at first, went round fourteen times a day; while the *sputniks'* elder colleague, that doyen among satellites the Moon, travels at the more dignified pace appropriate to its greater distance and seniority—taking 27 days to go round once. The Moon, being well outside the atmo-

* Translated by Shelley;

Thou wert the morning star among the living,
Ere thy fair light had fled;
Now, having died, thou art as Hesperus, giving
New splendour to the dead.

sphere, continues to pursue its age-old course; but the young *sputniks*, fretting at the touch of the atmosphere, go round faster and faster, as if in a frenzied attempt to escape, before they make their final death-dive through the lower atmosphere.

Returning to Earth

THE speeding up of the satellite as it comes closer to the earth does not continue to the bitter end. Eventually, at a height of about 100 miles, it plunges into thicker air, which severely retards it, and if it survives intact it will reach the ground at quite a modest speed, a few hundred miles an hour perhaps, or even slower if it has some form of braking parachute. During the descent all the energy lavished on it during its climb is dissipated, as heat. Some of the heat merely warms the air in the wake of the satellite; some is radiated; the brunt of what remains falls on the satellite itself, which may suffer an inferno of heating. This can best be minimized by making the satellite as large and as blunt in shape as possible, or even perhaps by trailing some kind of parachute or flared tail behind it. The speed then drops while the satellite is still at a great height and the descent through the thickest air can be made at a lower speed, thus generating less heat.

Keeping Track of the *Sputniks*

WE certainly need to know what should theoretically happen to a satellite, but the theory must of course be backed up by observation. It became obvious soon after the launching of Sputnik I that observation was not so easy as might be thought. Sputnik I was a small sphere, very difficult to observe optically. So it was necessary to take advantage of the radio signals which it was emitting. The simplest method, utilizing the Doppler effect, is accurately simulated in the following analogy. Suppose that on a foggy day you are standing in a valley as a fast train goes by, whistling, on a high viaduct. You hear a high-pitched whistle as the train approaches, then a rapid change in pitch as the train passes, and finally a lower-pitched note as it recedes. Suppose, too, that someone else, farther away from the track, is also listening. He hears the same high-pitched note to begin with and the same lower note at the end, but for him the change in pitch is much more gradual than for you because he is farther away. If you and he both had tape recorders and the records were afterwards compared, it would be obvious that you were nearer to the train than he was because the pitch changed more quickly for you. And if you had proper measuring instruments you could both tell, independently, exactly how far from the track you were. Now a small satellite, like the fog-enveloped train, cannot be seen, but its radio signals, like the train's whistle, can be heard and recorded, and the distance at which it passes found. If two observers, A and B, station themselves 100 miles apart, with the line joining them perpendicular to the track, and both find the passing distance of the satellite in this way, say 150 miles from A and 200 miles from B, it is easy to determine by simple geometry the height of the satellite (145 miles) and its track over the ground (passed 38 miles from A).

The disadvantage of this method, and of the other methods that rely on radio signals emitted by the satellite, is that the ionosphere, the electrically active layer in the upper atmosphere, bends radio waves in a way that is not yet fully understood. Consequently the radio methods are far less accurate than visual observation, though the errors would be reduced if the radio transmissions were of shorter wavelength. Radar tracking, which works on shorter wavelengths, is therefore more satisfactory, except that there are very few radar trackers in the world that are capable of detecting a small satellite.

Things to Come

THERE are persistent rumours that the Russians will shortly send a missile to the Moon, either to crash on the surface or to enter a circumlunar orbit. This journey calls for a higher speed than a satellite, and so the lunar missile will presumably be much smaller than Sputnik II. To say more would be rash, when the moon-missile may be imminent.

The Russians could soon, if they wished, dispatch small objects, weighing a few pounds, to regions far beyond the Moon's orbit. These objects would in themselves be supremely useless, and even their propaganda appeal would be rather feeble because they would probably be undetectable. The first two *sputniks* would have impressed the Western world far less if they had been invisible and had carried no radio transmitters. Indeed the Western governments might have been tempted to doubt their existence. In fact the first two *sputniks* advertised their presence only too plainly. Even so, a few thoroughly sceptical voices were heard proclaiming that the *sputniks* were not there at all, and there was quite a chorus telling us that the Russians were deliberately exaggerating their weight and size. Such wishful thinking should be resisted: we have so far no reason to doubt the veracity of the Russian statements about the *sputniks*. We should remember too that the Russians have a rich background of interest in space travel. Though we may smile at their claims to priority in some branches of technology, we cannot deny that they have led the way in astronautics. The pioneer was K. E. Tsiolkovskii (1857-1935), and it is not entirely by accident that the first *sputnik* was launched within a month of the centenary of his birth.

The fact that the Russians have been willing to devote some of their military resources to the launching of the *sputniks* is a hopeful sign, and not, as seems to be feared in some Western countries, a new menace to the world. The presence of the dog in Sputnik II suggests that they are also seriously considering manned space flight, and this would imply a further diversion of resources that might otherwise be expended on weapons of war. Space flight would call for very heavy expenditure on the space-ships themselves, and on the necessary research beforehand. Of the many technical problems to be solved before man can travel to the planets and back, two are specially worth emphasizing. The first is safe, controlled descent from satellite orbits through the planetary atmospheres: this will demand at least a few years of

expensive research of the trial-and-error type. The second is the supply of the necessary energy, which for journeys to the nearer planets is equivalent to speeds between 10 and 20 miles per second. Here the need is for fundamental improvements in rocket motors or fuels, and many years may pass before more advanced motors, such as those mentioned earlier in this article, are properly developed.

ADENAUER THE EUROPEAN

AFTERMATH OF THE GERMAN ELECTIONS

FOR the third time since the end of the war the Germans in the free part of Germany went to elect their Federal Parliament in September of this year. The Federal Chancellor, Dr. Adenauer, who had dominated the two previous Parliaments, had seen to it that at the end of this election campaign all the issues had narrowed to one only : for or against Adenauer. The result was an unmistakable and remarkable victory for the Chancellor, although its extent, as will be seen, can be exaggerated.

With the exception of the German Opposition parties, this victory appears to please everybody in the West and even in the East. It obviously pleases the majority of Germans, who voted for the return to power of Dr. Adenauer and his party, the Christian Democratic Union (C.D.U.). It pleases the Western allies of Germany and, in particular, the United States. The Germans are trying hard to establish a special relationship between the German Federal Republic and the United States, and the great victory of the Chancellor is bound to help this process. Many Americans have felt for quite a time now that Germany has every claim to be their favourite child within the N.A.T.O. family. It is true that amongst the Americans in the closest contact with Western Germany, amongst the staff of the Embassy in Bonn and amongst others in the large American military and civilian colonies who live and work in the Federal Republic, the enthusiasm for Adenauer's Germany is of a less unbounded variety than that which can be found in Washington and other parts of the United States.

The victory of Dr. Adenauer relieved worries of the State Department. Two years ago Washington did not hide its fears that the main German Opposition party, the Social Democrats (S.P.D.), might be likely to play a pro-Russian game if they won the elections of 1957. These fears, which, given the staunch anti-Communist record of the German Social Democrats, were quite unjustified, have certainly died down during recent months, although in the election campaign the German parties supporting Dr. Adenauer's government did their level best to revive them. Nevertheless, it is very understandable that the Americans should prefer Adenauer, with his well-established pro-Western foreign policy, and his Minister of Economics, Professor Erhard, with his liberal economic policy, to any possible alternative. Mr. Dulles and other American authorities said so during the German election campaign, and they said so very clearly.

In other European countries such uninhibited American support might have been of doubtful value to those whom it was intended to help. Not so in Germany. Adenauer's opponents tried to discredit his foreign policy by calling his Foreign Office "the European Branch of the State Department". It seems that many Germans, far from being shocked by the imputation, thought this status rather a feather in Adenauer's cap. For, at present, most Germans admire American strength and wealth; they feel that, for once, they

have picked the right partner. Partner, rather than partners; for today the Germans do not see much strength in the other members of the North-Atlantic alliance; in Germany N.A.T.O. is spelled: U.S.A. Still, the British, French and other Allied governments welcomed Dr. Adenauer's victory just as much as did the Americans, and for the same reasons: a socialist government might have kept Germany in the Western fold, the Adenauer government certainly will.

In international relations today it is almost axiomatic that any political move that pleases the free world will displease the other side of the Iron Curtain. Thus Dr. Adenauer's victory, which gave such satisfaction to the West, might have been expected to arouse very different emotions in the East. Yet, as far as one can judge, it would appear that Soviet Russia is also quite satisfied with the result of the German elections. This is less of a paradox than it seems.

Dr. Adenauer fought the election on his record. He had got for Germany security and prosperity, and his posters proclaimed: "We know what we have got." It would be folly, he maintained, to jeopardize security and prosperity by swapping horses, and his posters bore the warning: "No experiments." In other words, he claimed that it was in Germany's interest to maintain the *status quo*. Now that is exactly what under present circumstances seems to be in the interest of Soviet Russia too. Thanks to Hitler's policy the Soviet Union has penetrated far into the heart of Europe. The *cordon sanitaire* in front of Soviet Russia consists not only of Communist Poland and Czechoslovakia but also of the Communist eastern half of Germany, the bogus "German Democratic Republic" or, as it is known by its German initials, the D.D.R. The military and economic potential of this eastern part of Germany with its seventeen million inhabitants and its high state of industrialization—high, that is, by the standards of Eastern Europe and of the Russian Empire in general—are clearly a resource that the Russians have no reason to give up lightly. The emergence of the Gomulka régime in Poland makes it even more desirable than it was before the "Polish October" to have a loyal Soviet satellite on Poland's western border. Thus the Soviets have maintained, both before and after the West German elections, that Dr. Adenauer's policy was not in any way designed to make them change the status of their East German satellite nor to bring about German reunification. Of course, when Dr. Adenauer and the majority of the German electorate envisage the maintenance of the *status quo* as a desirable objective of German policy they do not think in this connexion of German reunification. But the *status quo*, like peace, is indivisible. And thus to the Kremlin the maintenance of the *status quo* in German affairs is just as welcome as it is to the State Department and to the other allies of Western Germany. The West and the East like different aspects of the German *status quo*; what matters is that both like it.

Military Security

WHICH aspects of the *status quo* appealed to the majority of Germans who put Dr. Adenauer back into power for the third time running?

First: security. German security in the shape of German membership of N.A.T.O. has, so far, produced nothing but advantages for the citizens of the Federal Republic. It has given Germans equality of status, *Gleichberechtigung*, a posture for which there has always been a very great regard in Germany. Furthermore, German security has been provided at cut prices. Up till now the German tax-payer has hardly felt the burden modern security imposes on those who want it. The Americans, the British and the other nations with troops in Germany are providing the protection for the Germans on the free side of the Iron Curtain. Before the Hungarian rising more and more people in Germany had come to the agreeable conclusion that there was no military menace threatening them from Russia and that there was thus no need to provide for Germany's military defence. We, in Britain, have had good evidence of that attitude in the petulant refusal in 1956 of the German Minister of Finance to agree to a German contribution to the cost of British troops in Germany. His argument at the time was that these troops were in Germany solely for the protection of Great Britain and that there was, therefore, no need for the Germans to make a contribution. Today, nobody would take this attitude and we know how very seriously not only the German Government but many Germans are alarmed by the British plans to withdraw troops and aeroplanes from German territory, notwithstanding the general German feeling that their "real" protectors are the Americans only.

The sharpened awareness of Germany's need for protection was brought about by events in Poland and, in particular, in Hungary a year ago. Russian action in Hungary made the deepest impression in Germany, where, not surprisingly perhaps in view of their memories of the end of the war, people had been very near to panic. Early in November of last year there had been a run on the shops in some districts, and a general feeling of insecurity was widespread. Dr. Adenauer put this feeling to good use during his election campaign.

The Germans, like all other people, have begun to worry about the implications of atomic warfare. These implications were brought home to them by a declaration of eighteen distinguished scientists earlier this year, who came out flatly against German production of atomic weapons. In Germany, where professors are held in much greater awe and respect than they are in England, the manifesto of the eighteen professors was widely and seriously discussed; and it was felt at that time that the professorial ban on atomic arms would not help the Chancellor's chances at the election.

In the event, it seems that the desire for security, the desire to belong to a group of powerful nations, was stronger than the worry caused by the possible consequences of atomic rearmament in Germany. And for most Germans the best guarantor of continuing Germany's policy of close alignment with the N.A.T.O. nations was the Chancellor. He would see to it, they thought, that the Germans could continue to belong to the best club in the military world, that they would have friends, that they would be equal partners. Thus his claim that there should be "no experiments", that his well-

tried policy in foreign affairs should be continued, appealed to a majority of the voters.

Economic Prosperity

THE same driving force, the desire to maintain the *status quo*, was evident in questions of home policy, which played a larger part in this election than they had done in previous campaigns. "We know what we have got", said one of the posters, and what the Germans clearly have got is prosperity. The evidence to prove the economic miracle of German reconstruction since the war may be found almost everywhere in the Federal Republic. While there are areas that have not much profited from the general rise of living standards, and while there are groups within the nation whom the general prosperity has passed by, the great majority of Germans have seen a very rapid and startling rise in their standard of living. It is, of course, true that the German standard of living is not nearly so high as that of Great Britain, and that there are several other countries in Europe where, according to the statistics, the average standard of living is higher than in the Federal Republic; but in order to judge the impact of the economic miracle on the West German mind it is not good enough to look at international statistics. The comparison that influenced the Germans was not with other prosperous nations such as Britain or France or Sweden, but with their own situation twelve years ago. For the foreign observer visiting prosperous Western Germany today it requires a considerable effort to remember the awful conditions prevailing in the winters of 1945, 1946 and even 1947; but the Germans have not yet forgotten their immediate post-war situation. For very many of them it meant a start from absolute zero, no home, no clothes and very little food. They have travelled a very long way since then. Every tourist passing through Germany's great cities today finds plenty of evidence of conspicuous consumption, and many Germans will assure him that this is not typical of the great mass of the German population. This is true. Certain social groups have profited more from the post-war boom than have others, and the newly rich in Germany, as in other countries, are not always the most tactful and considerate citizens; but most people in Germany are better off in 1957 than they had been at the date of the last election, in 1953, not to mention the end of the war.

The outward and visible sign of the increased prosperity of the working class is the general change-over from the motor-cycle to the small car. A hundred years ago, when a man in the industrial north of England had become prosperous enough to afford a carriage, the first journey in the carriage would often take him from chapel to church. Today in Germany it seems that the change from motor-cycle to small car means a change in political allegiance from the Socialist Party to Dr. Adenauer's Christian Democrats. The results of the voting in many prosperous industrial towns of Western Germany confirm this conversion.

Housewife's Choice

PEOPLE in Germany seem to be agreed that one of the most powerful forces to persuade a man to forsake the proletarian motor-bike for the bourgeois car is his wife or sweetheart. It is partly, of course, a question of

"keeping up with the Joneses"; partly no doubt, the very reasonable desire for greater creature comfort, the German weather being what it is. German women have supported Dr. Adenauer in more direct ways. In some German towns men and women were given voting papers of different colours, and comparisons between the sexes are therefore possible. These statistics prove that many more women than men voted for the C.D.U., while more men than women supported the Socialist Opposition. This feminine preference for the maintenance of the *status quo* was particularly helpful to Dr. Adenauer since women outnumber men considerably in the German population. The degree to which the sexes differed in their political choice deserves some more detailed analysis.

In Cologne, for instance, 62 out of 100 women but only 50 out of 100 men voted for the C.D.U. The Socialist opposition got 39 per cent of the male vote, but only 29 women out of every hundred thought that it was time for a change. Many Social Democrats, and Liberals, would maintain that this was due to the influence the Roman Catholic Church exercises on women, and of course it is true that Cologne is a preponderantly Catholic city. Nor can it be denied that some bishops and, particularly, the local clergy were very active propagandists for the Christian Democratic Union. Nevertheless, Dr. Adenauer did not become the German housewife's choice by the grace of the Cardinal Archbishop of Cologne. When we look at Brunswick, a mainly Protestant city, we find women voters there showing similar preference for the Chancellor. And Brunswick is particularly instructive, because the candidate of the Social Democratic Party was a parson, a Protestant parson who is the leader of the Pacifist wing of his party. One might have expected—no doubt the S.P.D. did expect—that both his vocation and his anti-militarist views would endear him to the women voters. Yet in Protestant Brunswick, just as in Catholic Cologne, the C.D.U. obtained a considerably higher proportion of the female than of the male vote.

It does not seem, therefore, that religious issues or ecclesiastical endeavour had much to do with Dr. Adenauer's victory. Nor is it necessary to attach great importance to some other explanations that have been proffered by German and foreign commentators alike. The basic reasons are clear: ten years of miraculous progress; a rise from chaos and destitution to apparent, and in many cases to real, prosperity; from being a pariah amongst the nations to becoming the valued friend of the greatest Power on earth; from being the defeated enemy to becoming an equal partner in a system that provides as much security as an insecure world and Germany's precarious geographical position will allow: these were the claims on which Dr. Adenauer demanded the renewal of his mandate from the German electorate. And his lavish propaganda, unhampered by any restrictions on electioneering expenditure, saw to it that nobody found it easy to overlook these claims. Any opposition, under these circumstances, would have found it very difficult to overcome such a record of achievement.

The Socialist Opposition

IT cannot be said that the Social Democrats provided the most effective opposition campaign imaginable. Neither the measures they proposed nor

the men who led them were very impressive or offered an obviously better alternative. The Socialist leader, Ollenhauer, has all the qualities associated with that friendly, cumbersome cart-horse which Mr. David Low used in his caricatures to depict the T.U.C. Of course, one never knows how the leader of the Opposition may develop when he becomes the head of the Government. But, rightly or wrongly, Adenauer's propaganda machine was successful in making many Germans think that a change from Adenauer to Ollenhauer would not be a wise move. Perhaps the wittiest whisper of the election was the one in which the Government Party warned the electorate that a vote for the Social Democratic Party meant a vote for Ollenhauer. Less harmless were the attempts to conjure up a picture of the Socialist Opposition as the party that would like to come to an agreement with Soviet Russia by turning Germany from her Western friends and by pushing her *via* an illusory neutrality into the Eastern orbit. Not many Germans will have seen in Ollenhauer and his party the Trojan horse that would let the Russians in. If the Social Democrats did not succeed in their task of ousting the Government—which would at the best of times have been difficult, given the commanding majority of the Government coalition in the last Parliament—their failure was due less to the attacks of the Adenauer propaganda machine, and much more to the doubts arising from the programme they offered.

Believing, perhaps naively, that all Germans really placed the reunification of the Federal Republic with the Soviet Zone, the D.D.R., above all other considerations, the Socialists put into the forefront of their foreign affairs programme the demand for immediate action to achieve such reunification. By now many foreign observers agree that most inhabitants of the land of economic miracles do not feel inclined to give top priority to the issue of reunification—whatever may be said in declarations for the benefit of foreign journalists or refugee voters. But even that large minority in Germany which is genuinely concerned about the unification issue could ask with justification what concrete proposals the Social Democratic opposition had put forward that would have any chance of success. Since no one in the Western world today can offer such proposals, one cannot blame the Social Democrats for not presenting the German voters or Germany's Western allies with a fool-proof plan. But their failure to do so meant that even those who might have been prepared to forgo the attractions of prosperity, and to make sacrifices, both economic and, above all, territorial, for the sake of reunification, had no reason to believe that by voting Socialist they would achieve their patriotic desire.

At least in foreign affairs the Opposition presented an alternative to the Government, even if it was vague and, through no fault of their own, not a practical proposition. But in home affairs and economic policy the S.P.D. put forward a programme that may well become the textbook example of "me-too-ism". Adenauer had seen to it that the last Parliament, shortly before the election campaign, passed a law providing for very liberal social security benefits. Whatever the financial implications of this measure there can be no doubt of its vote-catching qualities. Qualities so great that both the British Government and the Labour Party have paid this German law the compliment

of close study if not yet of imitation. The German Opposition could claim no more in this vital field than that the Chancellor had been driven to pass the law by their insistent demands, which may well have been true but which would not get them many votes. As for general economic and financial policy, the programme put forward by the Socialists to the German electorate was so liberal, so far removed from any suggestions that the State may have a part to play, that most British Tories would find themselves to the left of present-day Socialist economic thinking in Germany. Possibly, in the prevailing economic climate in Germany, the Opposition had no choice; any attempt to demand greater control of economic affairs or supervision by the State might have cost the party votes. Events since the election make this proposition doubtful.

What has raised doubts of the unlimited devotion of the German electorate to unlimited free enterprise was the action of the managers of the Ruhr coal-selling organization. One of the main planks in Professor Erhard's economic platform during the election campaign had been his confident promise that the return of the Adenauer Government would be the best insurance against higher prices. The election took place on Sunday, September 15. On the morning of September 16 the coal organization, which owed its very existence to the solicitude with which Adenauer and Erhard had protected it against attacks by the occupying powers and the Coal and Steel Community in Luxembourg, announced a hefty increase in the price of their product. The dismay of Professor Erhard at this "stab in the back" was matched by the glee of the Socialist Opposition, who lost no time in telling the German public: "we told you so". Until that black Monday it seemed as if most Germans considered State-control a dirty word; now even Adenauer supporters are wondering about at least one aspect of the economic miracle. However, Socialist propaganda during the election campaign had fought shy of suggesting any changes in the economic structure.

The Trade Unions

THUS in home affairs the S.P.D. did not face the electorate with a clear-cut alternative to the C.D.U. A further handicap of the German Opposition should not go unmentioned. Unlike the Labour Party in Great Britain the German Socialist Party is not constitutionally linked with the trade-union movement. No doubt the majority of German trade unionists vote S.P.D., but the great strength the Labour Party draws both financially and in matters of local organization from the trade-union movement is not at the disposal of the German Social Democratic Party. Before Hitler abolished all trade unions the German trade-union movement, like that of so many continental countries, had been split into various sections, Socialist, Christian, Communist. When the trade unions were reconstituted after the war the common persecution that the Socialist and Christian trade-union leaders had suffered during the Third Reich brought them together to form one united movement. But the price of this unity was the breaking of the link that had existed before between the Socialist unions and the Socialist Party.

In any case, the position of the German unions is very much weaker than

that of their British counterparts. It is not only that their leaders were decimated during the Third Reich, the new men have yet to find their feet or to wait till the very old men of Weimar Republic vintage die off. Their fundamental weakness shows on both ends of the prosperity scale of German industry. Those industries which are booming have been paying wages in excess of the agreements reached with the trade-union movement, thereby making the value of the unions for the men appear doubtful. On the other hand, in industries that have not taken part in the general prosperity, such as agriculture or trades in the Eastern border districts of the Federal Republic, which have not fully shared in the economic boom of Rhine and Ruhr, the unions, starting from scratch in 1945, have not been able to develop sufficient strength to improve the lot of their members, and have thus not been able to attract great numbers. There are several indications that a new militancy may begin to characterize the German trade-union movement. The metal workers' strike last winter in Schleswig-Holstein appears to have started a chain reaction, and almost everywhere in German industry today new wage demands are pending. But whatever may be their outcome, and however powerful the trade-union movement may become in the future, it is clear that the German Socialist Party could not gain much help from the movement at the last election.

No Landslide

FOR while nothing can detract from the great victory of the C.D.U. and, in particular, of the Chancellor himself, it is important for a study of the trends of German political development not to see his victory out of proportion. The election has led to the disappearance or the diminution of the smaller parties. This provided a pool of voters from which the two big parties, the C.D.U. and the S.P.D., could and did draw new strength. Allowing for the fact that three million more voters went to the poll this time than in the last election in 1953, the gains of both parties are very similar: the votes of the C.D.U. have gone up by 11 per cent, those of the S.P.D. by 10 per cent. Of course, we must not forget that the C.D.U. increased its poll after having been in power for eight years, and this achievement is certainly striking. But there is nothing in these figures to justify the headlines of "A landslide", which appeared in many German and foreign newspapers after the election. The same deduction can be drawn from a comparison of the numbers of deputies who supported Dr. Adenauer at the end of the old Parliament and of those on whom he can rely now. While before the election Dr. Adenauer could count on the votes of 288 M.P.s, he has only 287 in the new one. Conversely, in the old Parliament 208 M.P.s belonged to parties not represented in Dr. Adenauer's Government, in the new one there are 210.

Looking at these figures one might even be tempted to ask if the Chancellor has gained a victory after all. He has; for a breakdown of them shows that his majority is composed of a solid block: 215 members for the C.D.U., 55 for the C.S.U., the Christian Social Union, which to all intents and purposes is the Bavarian branch of the C.D.U., and 17 for the "German Party", a party perfervid in its loyalty to the Government, although it is a curious amalgam

of Hanoverian Conservatives and pro-Adenauer Liberals. The 210 members on the other side form no such homogeneous group: 169 of them are Social Democrats, and the remaining 41 are Liberals, who do not see eye to eye with the Socialists on many fundamental issues. But these figures also show that the S.P.D. has conquered one important constitutional position. The constitution of the Federal Republic provides that all its clauses affecting the fundamental rights and liberties of the citizen can only be changed by a two-thirds majority. In this Parliament the Social Democrats have managed for the first time, if only just, to gain more than one-third of the seats, so that any essential changes in the structure of the German State cannot now be undertaken without their co-operation.

No New *Führer*

THE picture the West has gained of Dr. Adenauer and his government during the recent years of ever closer collaboration does not suggest that he or his party would wish to tamper with fundamental democratic freedoms. Yet some commentators on the German elections have seen in Dr. Adenauer's return to power evidence of German hankering after authoritarian rule and even of the revival of the old *Führer-Prinzip*. Others have pointed out that the Christian Democratic Union together with its Bavarian allies has gained more than half of the votes and of the seats in Parliament, and that Hitler never achieved such results in a free election. From this undoubted fact they have drawn the more than doubtful conclusion that we were about to witness the dawn of a new One-Party régime in Germany. In their disappointment with the election results some leaders of the Socialists and of the Liberals have taken the same view. Obviously this question is of interest not only to the Germans but also to all those who, for better or for worse, are now Germany's allies. However hard the outside observer looks at the German scene he cannot in honesty report that it seems likely that the Adenauer Government will be a threat to democratic liberties.

Nevertheless, it must be recorded that there are many opponents of Dr. Adenauer, normally level-headed and sensible people, who will insist that in a subtle and indirect way, through the Civil Service, through some newspapers and through many other channels, a good deal of pressure is exercised in order to equate support for Dr. Adenauer with good citizenship. These people fear that the Chancellor's third term will bring about a sharp intensification in this drive for political conformity. And the reason most often given by non-working-class people for voting Socialist this time was their desire to stop this alleged trend. Those who hold this view complain that the political pendulum cannot swing in Germany because of the lack of a political tradition that would make such a swing a natural and regular event, and because of a nostalgic longing for strong government, which seems to have survived even the disastrous lessons of Hitler's Reich. But while it is only fair to take note of these misgivings, expressed by many who are by no means strong partisans of the Socialists, it seems to the outside observer impossible to share them. After all, English and American history is full of examples that show the political pendulum stuck in one direction for periods

much longer than the twelve years that will be at the disposal of Dr. Adenauer, assuming that he will be there for the whole life of this Parliament. And, indeed, with this record of achievement in foreign affairs and in the economic field it appears doubtful, to say the least, whether even long-established democracies would have decided to let the other fellow have a turn at this particular juncture.

No, if there are dangers to the young German democracy they will not come from authoritarian urges of the Federal Chancellor. They would rather come as a legacy of the past. From time to time aspects of German society are revealed that ought to make us cautious in expecting a political as well as an economic miracle from the Federal Republic. It would indeed be a political miracle if all consequences of the previous German political tradition had yet been completely extinguished. Recent events have provided two good indications that more time will be needed before everyone concerned with Germany can rest assured.

Dangers Ahead

RECENTLY, the trial took place of Schoerner, a German officer whom Hitler, just before the end of the war, had appointed Field Marshal as a reward for his fanatical loyalty. Schoerner had tried to stem the tide of defeat in the last months of the war by having soldiers who did not appear to him to be doing their duty shot out of hand without any court martial. We are not concerned here with Schoerner himself, who was found guilty. But during the trial counsel for the defence produced several witnesses who had been in the Judge Advocate General's department of the *Wehrmacht* and who had supported Schoerner's actions. The presiding judge at Schoerner's trial appears to have come to the conclusion that these witnesses may have been accomplices in Schoerner's crimes and therefore he did not allow them to make their statements on oath. Three of these men now hold very senior appointments in the German judiciary. Such sudden glimpses of a somewhat disturbing, if perhaps inevitable, composition of German contemporary public life are bound to arouse doubts of the stability of German democracy. It is only fair to add that there have been shocked protests in the Federal Republic, and demands have been made that, if the suspicions against these three senior judges prove to be justified, they should be removed from office.

While the case of the three senior judges may be explained as a consequence of the dictatorial régime, a more fundamental doubt has been illustrated by the sad record of the government of the Free and Hansa city of Hamburg, which forms one of the self-governing States of the Federal Republic. For a democracy to work efficiently and to remain in a healthy state a certain number of leading citizens must be prepared to go into politics and to serve in government. This proposition, which is self-evident to the point of banality in England, is not so generally accepted in Germany. For almost 300 years most German States have been run by a highly competent Civil Service, which has made Germans wonder whether good government requires good politicians in addition to good civil servants. Hamburg provided the one disagreeable surprise for Dr. Adenauer at the last election. His coalition

actually lost votes there. This loss was due to dissatisfaction with the Hamburg State Government, in which too many Ministers have been proved to lack ability and even honesty. There is no lack of able and honest men in Hamburg. The trouble seems to be that they cannot be bothered to serve in Parliament; and they cannot be bothered because there is no tradition that politics is honourable service. Nor indeed is there a general realization that without such honourable service a free society cannot survive.

Reflections like these, rather than any alleged authoritarianism on the part of Dr. Adenauer's Government, lead to the conclusion that even today we must not take German democracy for granted. As long as prosperity continues there is very little need to worry. If, however, a world depression should become a reality, many Germans fear that their economic miracle will be shown to have been a mirage. The consequences for democracy in Germany might then be incalculable.

Fortunately, in Germany today there are many people, amongst the supporters of both the Government and the Opposition, who are aware of this potential danger and determined to avoid another defeat for German democracy. That such a defeat would be a very serious matter for Great Britain and the other partners of the Federal Republic ought to be obvious. Yet despite all the current reaffirmation of interdependence amongst the free nations it is surprising how often we forget that the strength and trustworthiness of an allied country—any allied country—depend more on the healthy state of its society than on anything else. We should not try and predict the course of foreign policy of a nation without some inquiry into the structure of its political system.

These observations are perhaps not irrelevant in view of the sudden talk that became widespread after the elections in Germany, concerning the "activation" of her Eastern policy. It seems likely to remain talk only, as long as the Bonn Government insists on not having relations with the bogus government of the Soviet Zone in Pankow, and as long as the Bonn Government treats as a hostile act, as it did in the case of Jugoslavia, the recognition of the Pankow stooges by any power that maintains diplomatic relations with the Federal Republic. Under these conditions German foreign policy with regard to the East will lack room for manœuvre. Western Germany can and does trade with the Eastern satellites just as much, and indeed more, than do Great Britain and the other countries of the free world, but it is difficult to see how in the present situation the easing of political tension, leading to an exchange of ambassadors between the satellite governments and Bonn, can be achieved. A change in this situation would not appear to be in the hands of the German Government, nor even in those of her Western allies. With all that it implies for these allies, the key to German *Ost-Politik* is and remains in Moscow.

HEAVY WEATHER AT WASHINGTON

CHALLENGES TO THE ADMINISTRATION

THE easy calm of the first Eisenhower Administration is long since ended, and it is not likely to reappear very soon. The American ship of State has been buffeted by new and sudden storms: the racial struggle at Little Rock, the dismayed reaction to the military implications of Sputnik I and the peril of Nikita Khruschev's brinkmanship in the Middle East.

As if these *bouleversements* were not enough, the United States has been confronted with economic evidence that its boom is levelling off and that its surging prosperity is entering a period of "rolling readjustment" if not minor recession, though the longer-term future is declared to be promising.

Only the lovely interlude of a State visit by Britain's Queen Elizabeth II, with its ministrations of unaffected charm and ancient ceremony, has brought a moment of respite and rest to Washington.

Throughout the summer months there were vague rumblings of disquiet on the school desegregation front, of test failures at the Florida missile grounds and of rising winds in the Middle East. In autumn these materialized into formidable problems, confronting—with demands for new policy—a Congress in recess, a Secretary of State widely mistrusted abroad and a President whose hours on the golf course were increasingly the object of unsympathetic Democratic Party criticism.

Now the nation has witnessed a number of swift moves by the Administration, sharply reversing former temporizations and preachments of tranquillity. Federal troops have been dispatched to convoy eleven Negro schoolchildren to their class-rooms at Little Rock, Arkansas. Spending cuts in the defense budget which were halting or delaying the research toward, and development of, modern weapons have been rescinded or shifted to less vital programs.

Secretary John Foster Dulles's preference for a minimum of hearty consultation with allies, exemplified in Washington's Suez policy, has given way to the strong evocation of allied co-operation, as represented by the swiftly-convened session between President Eisenhower and Britain's Prime Minister, Harold Macmillan.

Not all segments of American opinion, particularly in the broad reaches of the Middle West, have experienced the mental churning and soul searching which the advent of the Soviet earth satellite, added to Little Rock, have brought to America. But this brisk autumnal season has been a time in many strata of society for sharp intellectual re-examination of "business as usual" attitudes, and for questioning whether the American system of government is adequately equipped to undertake, in peacetime, those giant, outsize projects and "crash programs" which may become necessary if democracy is to

survive its world-wide contest with the State-managed efficiencies of the Communist system.

The happy expectation that a "businessman's administration" could reduce the national budget year after year in the face of a burgeoning population, an expanding "gross national product" and the high costs of adequate defense has been rudely jolted. There is little prospect now for the fondly predicted cut in income taxes and corporation levies which both the Democrats and the Republicans were prepared to promise for 1958—unless indeed the emergencies of a business recession should dictate tax reduction as a pump-priming measure.

All of this change has come at a time when the Eisenhower Administration has been undergoing certain inner transformations, which fortunately should improve its ability to cope with crisis. Vice-President Richard Nixon is moving quietly to the fore as a hard-working and skilled energizer and formulator of policy. Thoroughly informed, carrying the full confidence of General Eisenhower, anxious to succeed, and realistic in his political conclusions, Mr. Nixon is making an increasingly favorable impression in the inner councils of government, among foreign diplomats and with the press. His counsels on foreign aid and his reactions to Sputnik have been quick and alerting. He is very definitely to be reckoned with as a powerful presidential candidate prospect for the 1960 campaign.

The usual replacements in a presidential Cabinet, as the years go by, have retired from posts of influence such men as George Humphrey Jr., the forceful Secretary of the Treasury who was an inveterate foe of heavy spending, and Charles E. Wilson, the blunt-spoken Secretary of Defense whose regard for the budget ceiling most certainly delayed air-force and missile development programs and put Pentagon-financed basic research on a very lean diet. Younger, more flexible men, have taken their places.

The Battle of Little Rock

THE first serious challenge to the re-elected Eisenhower Administration came after eight months in office when Arkansas's Governor Orval Faubus called out the federally financed but State-controlled National Guard to keep eleven Negro children from entering the fall term at the Little Rock high school. This challenge was unexpected, and the responsibility for it can hardly be laid at the President's door, unless it be argued that his failure to summon an early conference of moderate-minded southern leaders, to illuminate a path of leadership on the racial issue, left the way open for such incidents.

The events at Little Rock have been widely reported in the press of the world. What has not been so widely conveyed is the fact that a tacit time-table for racial desegregation in the public (State-supported) schools of the South had been gaining quiet acceptance all across the nation, and that the real irresponsibility of Governor Faubus's action was that he wrecked, for the time being, this time-table as it applied to Arkansas, and jeopardized its acceptance elsewhere in the South.

This unwritten time-table is worth a moment of scrutiny. It heeds the

Supreme Court's injunction to make progress in school integration with "all deliberate speed"—with accent on the deliberateness. It is intended to vary according to local conditions, meaning the size and density of the Negro population.

The time-table exists as the result of an unstated agreement among many people—the President, the federal judges, southern moderates, the powerful Texans who hold commanding positions in the Congress, leaders of opinion in law, labor and religious circles and important elements in the Negro community. It is a time-table subject, of course, to harassment by segregation extremists in the South and desegregation extremists in the North.

Under this time-table, desegregation was intended to take place—and has taken place—speedily in such semi-northern states as Maryland, Delaware and Missouri. There the last pockets of segregated schooling are being wiped out. In the "border States" of Tennessee, Kentucky, North Carolina—and Arkansas—desegregation was intended to edge along much more cautiously. It was to spread—and has spread—under the aegis of permissive local initiative, beginning with the admission of a very few high-scholarship Negroes into the high schools, preceded by careful enlistment of support from community "moderates" through local educational campaigns.

As for the Deep South, there was general agreement that the time-table would have to be much more slow-paced, with desegregation making slow progress throughout a whole generation. The only immediate advance was to be in the realm of Negro voting rights, enforced by the civil rights measure recently enacted by the Congress.

Essentially this entire time-table relies on reason and persuasion, on the quiet proddings of economic advantage and minority voting power, on social engineering and a rising tide of public enlightenment.

Governor Faubus, apparently influenced in his action by a desire to win a third term in the governor's mansion, used his militia to thrust a roadblock across the slow-paced Arkansas integration program. His action also represented a victory for adamantine foes of desegregation in the deeper South. Attack is sometimes the best defense, and the Arkansas Governor was encouraged and abetted by southern extremists. They correctly foresaw that his defiance would drive many southern moderates to cover and persuade many southern politicians that their only safe course of conduct was an unyielding defiance of the Supreme Court.

Manifestly the Eisenhower Administration could not allow this challenge to the federal courts and federal authority to go uncurbed. If the federal Government cannot enforce a court order—the local federal judge had ruled that desegregation at Little Rock should proceed forthwith according to the local school board's plan—then the court order would become a dead issue. Hence the dispatch of federal troops.

Since the arrival of federal troops the Negro boys and girls have gone to school. But the dispatch of "bayonets" has aroused southern opinion almost as much as the issue of desegregation itself, as Governor Faubus shrewdly calculated it would. The Eisenhower Administration has thinned out the troops as rapidly as local conditions permitted, but it has encountered great

difficulty in finding a formula that would return full enforcement powers to the State of Arkansas while its governor remains intransigent.

Meanwhile another test of State versus federal determination looms in Texas in February 1958, when the schools in the thriving and somewhat non-southern city of Dallas are slated to desegregate, by virtue of another federal judge's order. Forces are girding on both sides for this test.

Perhaps the most hopeful omen—for Arkansas and other States which do not represent the hard core of southern resistance—has been a gradual crystallization of sentiment within Little Rock on the side of law enforcement. This sentiment argues, not that desegregation is desirable, but that incitements to mob violence do grievous harm to the community. Meanwhile important elements of the southern clergy have preached the doctrine that all men are equal before God, and business men have deplored the damage done to efforts to attract new industry from the North.

While tempers remain high in rural and more "fundamentalist" regions, this increase of moderate sentiment in the cities of the border areas may mean that the desegregation time-table can eventually resume its careful schedule.

Both Parties Damaged

IN political impact, Little Rock has damaged both political parties, the Democrats more than the Republicans. The results, favorable and unfavorable, can be briefly summed up as follows:

1. Hopes of building a strong Republican Party in the South, encouraged by the influx of northern industry and northerners and by General Eisenhower's popularity in the area, have been wrecked for many years. The South fatally equates the Republican Party with desegregation.

2. The Democratic Party, which believed it had eased past its dangerously divisive civil-rights issue, now finds itself again suffering from rifts and recrimination. Northern Democrats feel they must take a vigorous civil-rights stance or lose still more Negro votes to the Republicans in the big cities of the North. Were it not for the counsels of unity that such powerful Democrats as Lyndon Johnson of Texas, the Senate majority leader, are urging upon their party, the party might indeed wreck itself on the desegregation issue. As it is, there will be plenty of shouting but no irreparable split.

3. Talk of the South's leaving the Democratic tent and setting up a Third Party remains just talk. Should more Little Rocks develop and tempers worsen, a new "Dixiecrat" movement such as developed in 1948 might materialize. But Third Party zealots are confronted with their failure to accomplish anything in 1948 (when a Democrat, Harry S. Truman, was re-elected President despite their opposition) and with the fact that they cannot find a popular leader. Their obvious choice, Senator Richard Russell of Georgia, has declared he does not believe in third-party movements.

4. The Republicans will win additional Negro votes in the northern cities, thanks to their desegregation stand. But these gains will be moderate for the simple reason that low-income Negroes, even as low-income whites, are influenced chiefly by what may be described as "pocketbook issues". With

any breath of economic adversity—and such breezes now are stirring—they tend to vote Democratic, believing the Democrats will take better care of them in time of financial trouble. So although a shift Republican-ward among the more well-to-do and younger Negroes is continuing, it is not expected to bring anything like a majority of northern Negroes into the Republican ranks in time for the mid-term elections of 1958, or even in 1960. Republican leaders such as Richard Nixon, who have been closely identified with civil-rights policy and who can persuasively articulate the Negro stake in Republicanism, will fare better than run-of-the-mill candidates.

As for Negro voters in the South, their number remains negligible in most States.

Twenty months ago Florida's Governor Leroy Collins, an effective, forward-looking Democrat, urged President Eisenhower to convene a session of southern governors to discuss desegregation approaches. Mr. Eisenhower did not consider such a conference "wise" at that time. Now Governor Collins is again urging leadership on the White House. Or, that failing, he proposes that Congress establish a commission of distinguished citizens, including highly regarded representatives of every southern State. This commission would work with each State, individually, to plan its own program for school integration. In many instances such a program would precisely parallel the tacit time-table discussed earlier.

So far, the White House has apparently believed that the prospects of getting the time-table "back on the rails" are good enough, without resort to a leadership conference. Whether the final denouement at Little Rock will change the views of Mr. Eisenhower, or the Congress, remains to be seen.

Sputnik and After

THE successful launching of the first Soviet earth satellite swiftly diverted the headlines from Little Rock. Not for years, perhaps not since Pearl Harbor, had American prestige—and American self-esteem—suffered such a rude shock. Policy changes and "agonizing reappraisals" are still under way as a consequence.

The Eisenhower Administration quickly realized that the Sputnik challenged the President in the area of his greatest strength: his prestige and reputation as a military leader and as a wise formulator of safe foreign policy. It was quickly determined that if this challenge were not met by effective counter-measures, the Republicans would meet with shattering reverses in the next elections. More importantly, if the world reputation of the United States as a leader in scientific and industrial development were not somehow rescued, American foreign policy would suffer grievously. And if the military implications inherent in the Sputnik's launching by an I.C.B.M. rocket were not countered with some evidence of American missile progress, the psychological impact among undecided nations would be immense.

These realizations brought the sudden series of policy reversals in the space of three October weeks: a policy of missile secrecy was replaced by a program of maximum publicity for all missile tests; a policy of defense cuts was replaced by a selective restoration of defense moneys; a policy of White

HEAVY WEATHER AT WASHINGTON

House silence was replaced by a presidential decision to deliver six or more fireside chats to the American people on defense and foreign problems; a policy of go-it-alone in foreign affairs changed to an open-armed welcome for the suggestions of Britain's Prime Minister, Mr. Harold Macmillan, that he fly to Washington to confer on common strategy and the pooling of scientific programs.

All of these steps have met with widespread public approval. What remains to be discovered is whether, on the one hand, they will mitigate the political damage to the Eisenhower Administration, which threatens to be accentuated by the investigation of the missile program that the Democrats are preparing to launch in January; and whether, on the other hand, the new co-operation with Britain and the N.A.T.O. countries will really be supported with sufficient Administration firmness to overcome a long history of Pentagon secrecy and "Dulles" aloofness.

The Eisenhower-Macmillan talks recalled to many Washingtonians the proposal that Sir Winston Churchill made at Fulton, Missouri, more than eleven years ago, when he recognized the mounting Soviet drive for world domination and proposed a "fraternal association" between the United States and the British Commonwealth, with possibly a common citizenship in the offing. The Eisenhower-Macmillan joint communiqué appropriately emphasized the necessity of "genuine partnership"; and it does indeed appear that, on both sides of the Atlantic, new enthusiasms have been engendered for joint policy *vis-à-vis* the Soviet Union and joint development of new nuclear and missile weapons.

There has been no proposal, however, to reconstitute the Combined Chiefs of Staff, which concerted the Anglo-American effort in World War II. Nor is common citizenship under consideration. The trend, at this time, is to extend the Anglo-American co-operation to all of the countries of the N.A.T.O. alliance and thus widen the fraternal association. This may be the most effective approach at a time when the Western alliance includes not only the United States, the United Kingdom and Canada, but also a newly powerful West Germany, France, and a Turkey which is the especial object of Soviet invective.

If it is really determined to do so, the Eisenhower Administration will have no difficulty in pooling rocket research and basic research or in sharing its missiles with its allies. The Atomic Energy Act, which restricts the sharing of precise information on the manufacture and design of nuclear weapons, carries no restrictions on rocketry—on "delivery systems". Only the Pentagon's own rulings and ingrained secrecy threaten joint efforts here.

In the nuclear field, however, there are still some members of Congress who are counseling caution in revising the Atomic Energy Act. They argue that some N.A.T.O. countries, including Britain, do not maintain sufficiently strict security regulations to keep any atomic "secrets" that the United States may still possess from eventually finding their way to Moscow. Here a presidential intervention will probably be necessary; the law can almost certainly be revised as needed if the President puts sufficient pressure behind his expected request to Congress.

Another problem looming ahead is just how the "sharing" of defense tasks among allies—proposed by Secretary Dulles—is to be managed. Granted that the United States may shoulder the big-weapon tasks and plant its intermediate-range missiles all across Europe, does the "sharing" concept also mean that the smaller N.A.T.O. allies will assume the entire burden of maintaining the conventional armies and armaments still deemed vital for meeting conventional aggression—for thwarting another Korea, for instance? Such matters will undoubtedly be thrashed out at the December N.A.T.O. conference.

The Eisenhower Administration has given strong evidence of a desire to restore any defense cuts that are hampering the nation's missile program. Secrecy has veiled somewhat the precise impact of budget slashes ordered last summer and spring. But enough has been published to show that undeniably the Administration did embark on a "calculated risk", a risk that programs could safely be curtailed even while intelligence was arriving that the Soviets had tested dozens of intermediate-range missiles and at least two intercontinental-range missiles.

The Administration was of course confronted with a ceiling affixed to the national debt by Congress, a ceiling that has been vastly over-emphasized in the public mind as a kind of last barrier against national insolvency. Actually the President could have summoned Congress back into special session and asked it to raise the debt ceiling, now standing at \$275 billion, without endangering the economy. But Congress, once summoned, can be troublesome, and the political onus of boosted spending was not something the Administration welcomed. Now the Administration contends that the new regular session of Congress in January is sufficiently close, so that it can "get by" until then on moneys presently available.

The inquiry under a Democratic chairman into the missile program, set for January by the Senate Preparedness Sub-committee, will emphasize the Administration's recent assurances that "all was well" on the missile front, will publicize the cutbacks in basic research, which have threatened to disband painstakingly-assembled teams of scientists and engineers, and will ask how the White House could have miscalculated the world-wide impact of a Soviet "first" in satellite-launching. Republicans will counter that the last Democratic Administration concentrated on heavy-bomber production and launched no missile programs at all. It will be an interesting tussle.

The Middle East

THE one area where the Soviet Union has displayed dynamic activity but where the recent American response has been one of baffled perplexity is the Middle East. Moscow has made substantial gains as champion of the Arab States in this oil reservoir of Europe. Washington officialdom, though reacting with strong words to every Soviet maneuver, privately confesses that it has no program at hand for rescuing the situation.

Washington has not pretended to know what Moscow has ultimately in mind when it launches strident accusations against the United States in the United Nations and accuses Secretary Dulles of egging on Turkey to attack

Syria. If the violent tirades of Moscow Radio are a prelude to Soviet military attack against Turkey, or to the dispatch of "volunteers" into Syria, then Washington feels it has done its best to warn that ebullient risk-taker, Nikita Khrushchev, of the possible consequences.

If all of this Soviet threat and bluster is a psychological gamble, designed to inject Moscow still more forcibly into the Middle East as champion and protector of the Arab world, then Washington can only hope that in time it can evolve a policy that will build a larger and more responsible independence into the unstable republics and kingdoms. There is frank admission, at long last, that the "Eisenhower Doctrine" does not and cannot apply to the most critical Middle East situations, such as Communist penetration of Syria.

The complex and frustrating nature of the American position can be sufficiently conveyed if the various avenues of approach that have been considered by Washington are listed, together with the obstacles that immediately present themselves.

For instance, there have been arguments to the effect that, since Moscow has broken into this Anglo-American-French preserve by its arms sales, the West should offer armaments too. But the West is bound to be disadvantaged as a gun salesman. This is because the Soviets put no restrictions on how their tanks and machine-guns shall be used. They can be used, in fact, against Israel. But the United States has sought all along to prevent an Arab-Israeli arms race. There is a general inhibition attendant upon American arms to Arab lands: they are not supposed to be used against Israel.

So the arms race is bound to be somewhat unequal. The Arab colonels prefer weapons that can be fired at will.

Then there has been consideration of reaching a "deal" with the Soviets. This proposition founders on the principle that pacts are successful only when two negotiators have a will to agree about something. But to all intents and purposes Moscow does not want to halt its Middle East inroads. It very much hopes to sit permanently and threateningly astride the pipelines that supply Western Europe with its precious oil. Therefore, it is argued, the Soviet Union and the West could hardly harmonize their purposes by solemn pact—when one wants to make trouble and the other wants to stop trouble.

Then there are Pentagon officials who in desperation propose an ultimatum to Moscow to get out of the area, bag and baggage. Yet in these years when the West possesses insufficient military forces for waging a limited war, such an ultimatum could be brinkmanship as perilous as Mr. Khrushchev's. Suppose, it is asked, the United States sought to blockade Soviet ships carrying arms to Syria, and Moscow replied by convoying its vessels with cruisers?

Finally, there are those who urge an augmented policy of economic assistance and foreign-aid programs. Officials are coming round to this policy as it becomes increasingly obvious that the United States cannot hope to tie the Arab States to an anti-Communist front and that the one intelligent way to deal with Arab nationalism is to help the Arab States toward a larger measure of self-respect, stability and independence.

The obstacle here is that Congress is still hostile to any expansion of the foreign-aid program. But some measure of hope is visible in the fact that Vice-President Nixon is personally studying the problem of Middle Eastern economic development as well as the question of the Arab refugees. There is also encouragement in the fact that the Mutual Security or foreign-aid program has been entrusted to a young and aggressive new director, James Smith, who believes in foreign aid; Smith has replaced John B. Hollister, who never really approved the policies he was asked to administer.

Secretary Dulles has spoken in favor of "strengthening" the countries which surround Syria. Other officials now are saying that presumably this means strengthening by economic development programs as well as by military training missions and airlifts of Western arms.

At this writing there is suspicion that the Soviet fulminations against Turkey stem from a fear that anti-Communist Syrians, together with armaments to support them, are being readied in Turkey for a *coup*, which would topple the pro-Communist régime at Damascus. No one can be certain that the United States and its Turkish ally are not indeed attempting some such reversal of the recent pro-Soviet *putsch*, even as counter-intelligence measures were useful in Guatemala and Iran. This is certainly a game in which two can play.

But quite manifestly if Syria and other Arab States are to be continually the pawns of either the U.S.S.R. or the U.S.A., then the Middle East will not be stabilized. Perhaps what is needed, as Walter Lippmann has recently proposed, is an imaginative new proposal designed to appeal to the interests of all parties concerned: the oil-producing countries, the oil-transit countries and the oil-importing nations.

Such a proposal would undoubtedly have to boost the benefits going to the "oil have not" countries such as Syria and Egypt. Undoubtedly there would need to be revision of the oil agreements in favor of the oil-rich producing countries. Somewhere along the line the whole proposal would have to be tied in with a redevelopment program designed to resettle the Arab refugees—and this would require that Israel take back more than a token contingent.

What is readily apparent to many Washington officials is that there is no real future in a constant struggle with Moscow for control of weak Arab régimes. The need is for an attractive program, and the patient negotiations to bring it into effect. When and if the Syria shouting dies away, perhaps Messrs. Nixon, Smith and others can work with Secretary Dulles to promote a policy that will be so attractive that Moscow's agents cannot wreck it.

Whether the Eisenhower Administration possesses the resiliency, energy and imagination to restore the balance in the Middle East, revive America's prestige on the missile frontier and rejuvenate N.A.T.O. and the Anglo-American alliance is still to be proven. Some hint of the answers should be forthcoming in the next few months.

United States of America,
November 1957.

ADMINISTRATIVE JUSTICE

A COMMENT ON THE FRANKS REPORT

WHAT will be the verdict of history on the Franks Report on Administrative Tribunals and Inquiries?* Will it rank as one of the great State documents that have changed or fixed the pattern of some part of our methods of government for half a century or more? Or will it have the sad fate of so many bodies appointed in the last thirty years? One knows so well what the orbit of these bodies can be. First of all, a paean of praise for the wise and firm statesmanship of H.M. Government in appointing a strong body to deal with a matter of outstanding importance. Next a somewhat less emphatic measure of praise for the report when issued. Then a long period of delay, at the end of which the impact of the report on any changes brought about is seen to be small or ineffective.

This surely will not be the fate of the Franks Report. All the same its lasting value could easily be underrated. Its very virtues, the qualities that are likely to make it an effective instrument in determining policy and practice in its field, might on a hasty first reading deceive the unwary into doubting whether it would leave a deep permanent impression on our affairs.

For the report is a markedly calm objective document. The Committee do not ring bells or thrash their arms and legs wildly in the air, or give vent to loud shrieks of pain or praise. It would be difficult to find a single paragraph that the ordinary journalist would welcome as a good headline in the daily press. But though the subject-matter is dry, and to the layman often technical, it is a well-written document and easy to read; and the farther one goes, the more the report leaves on one's mind the impression of a very solid bit of hard, clear thinking—and that its authors are wise, tolerant, sensible people.

How best can one summarize what it is all about? Perhaps the first point to make is the striking contrast between the Franks Report and its predecessor in this field a quarter of a century ago—the Donoughmore Report.† The contrast is of course implicit in their widely differing terms of reference.‡ The Donoughmore Committee was appointed “to consider the powers exercised by or under the direction of . . . Ministers of the Crown by way of . . . (b) judicial or quasi-judicial decision, and to report what safeguards are desirable or necessary to secure the constitutional principles of the sovereignty of Parliament and the supremacy of the Law”. While the Franks Committee was appointed

to consider and make recommendations on

- (a) the constitution and working of tribunals other than the ordinary courts of law, constituted under any Act of Parliament by a Minister of the Crown or for the purposes of a Minister's functions.

* Cmnd. 218.

† Cmnd. 4060.

‡ The first limb of the Donoughmore Committee's terms of reference was delegated legislation, which indeed occupied over half the report. As the Franks Committee was not asked to deal with this subject, no further reference is made to it.

(b) the working of such administrative procedures as include the holding of an inquiry or hearing by or on behalf of a Minister on an appeal or as the result of objections or representations, and in particular the procedure for the compulsory purchase of land.

The differences in terms of reference are reflected not merely in the starting point of the two Committees but also in the whole course of the two reports, in their conclusions, and in their underlying assumptions.

A good deal of the Donoughmore Report was occupied with analysis of such matters as the difference between judicial and quasi-judicial decisions. There is much about the Supremacy or Rule of Law. There are many references to Coke, Bracton, Dicey, Holdsworth's *History of English Law* and decisions in the Courts. All this—very admirably done—is given as the background of what Parliament should have in mind when deciding whether or not to assign certain powers to a ministerial tribunal.

The recommendations in the Donoughmore Report were directed to setting out the safeguards that Parliament should bear in mind when it decides that it should permit judicial or quasi-judicial powers to be exercised by Ministers, or judicial powers by ministerial tribunals. One is left with the impression that the Donoughmore Committee regarded tribunals as something slightly shameful—or bastard: something that had no doubt to be reluctantly permitted within limits, but something that should definitely be kept the other side of the green baize door. And it is significant that their report contained no detailed analysis of the extent or the working of tribunals.

The Franks Report, by contrast, spends but little time on legal or constitutional preliminaries. One gathers, by implication rather than from any definite statement, that this is not because they regard such questions as unimportant or uninteresting, but rather because these are not the sort of questions that are in fact taken into account by Parliament when deciding whether or not a particular type of question should be assigned to a tribunal. As the Committee sees things, quite a different set of considerations, and not any strict legal analysis, has led in the past, and will lead in the future, to the establishment of tribunals.

The real importance of the Franks Report lies in its downright acceptance of tribunals as something that has come to stay. Any suggestion that they are something slightly sinister is removed. One gathers that the green baize door has been taken away. Tribunals, in the Franks Committee's view, have their proper place, and quite an important one too, in our way of doing things. But if tribunals are to do their job properly, they must have certain qualities and work in a certain way. All these points the report proceeds to elaborate. But the biggest change of all, over the last twenty-five years, lies in the widely different approach.*

Tribunals Have Come to Stay

IN a short first part, the Franks Committee deal with the allocation of decisions to tribunals and to Ministers, the former being appropriate in

* To be fair to the Donoughmore Report it should be added that, notwithstanding the difference in approach between the two reports, a number of the recommendations in the

ADMINISTRATIVE JUSTICE

cases where the decisions will be predictable and where rules will be applied; the latter where, in pursuance of public policy, flexibility of decision must be preserved and a wise expediency is the proper basis of right adjudication.

In the second part, the Committee set out in some 20 pages their view as to the nature of tribunals in general, how they should be constituted, the procedure before, at and after the hearing, the provisions for appeal and so forth. All this is very well done indeed. It reads so clearly and convincingly—it is so simply put—that one wonders why it has never been done before. But let no-one be deceived by this simplicity. This part of the report is surely something of great and enduring value. It explains the place of tribunals in our system of government: for example why tribunals are appointed, how they work and their advantages.

Here are some of the things the report says:

Tribunals as a system for adjudication have come to stay. The tendency for issues arising from legislative schemes to be referred to special tribunals is likely to grow rather than to diminish. . . .

We agree with the Donoughmore Committee that tribunals have certain characteristics which often give them advantages over the Courts. These are cheapness, accessibility, freedom from technicality, expedition and expert knowledge of their particular subject. . . . If all the decisions arising from new legislation were automatically vested in the ordinary courts the judiciary would by now have been grossly overburdened. . . . Any wholesale transfer to the Courts of the work of tribunals would be undesirable. . . .

The intention of Parliament to provide for the independence of Tribunals is clear and unmistakable. . . .

. . . Certain general and closely linked characteristics should mark these special procedures. We call these characteristics openness, fairness and impartiality. . . .

In the field of tribunals openness appears to us to require the publicity of proceedings and knowledge of the essential reasoning underlying the decisions; fairness to require the adoption of a clear procedure which enables parties to know their rights, to present their case fully and to know the case which they have to meet: and impartiality to require the freedom of tribunals from the influence, real or apparent, of Departments concerned with the subject-matter of their decisions. . . .

. . . The object to be aimed at in most tribunals is the combination of a formal procedure with an informal atmosphere. . . .

The Committee work out in detail what these characteristics imply in such matters as whether hearings should be in public, in what circumstances legal representation should be permitted, and provision for costs.

Two of their recommendations here are worth noting. The first is the proposal that there should be two standing Councils on Tribunals to keep their constitution and working under continuous review; one for England and Wales, the other for Scotland. The second is that the Chairmen of all tribunals should be appointed by the Lord Chancellor (in Scotland by the Secretary of State), and the members by the Standing Council.

Donoughmore Report deal with points which are also dealt with in the Franks Report. For example, appeals from tribunals to the Courts on questions of law, the publication of Inspectors' reports, the giving of reasoned decisions, and so forth.

The appointment of a Standing Council to supervise the working of tribunals is rather a novel suggestion. No one denies that outside enquiries into organization are valuable and indeed necessary. But is it wise to appoint a permanent body to exercise a continuing watch over tribunals, which may in some respects be regarded as part of the machinery of government? The answer is, no doubt, that a special arrangement may well be justified in regard to the working of tribunals that are independent of departments. Granted that such a Council is to be appointed, there is, however, every advantage in giving it, as is proposed in this case, some current duties apart from those of general supervision. It will be interesting to see how this experiment develops.

The suggestion that the Chairmen of tribunals should be appointed by the Lord Chancellor is one of the points likely to be argued about fairly freely. Some may say that this step is scarcely needed to mark the independence of tribunals of departments, and they will point to other anomalies, which the Committee have decided to leave alone. Others, on the other hand, may say that while there has been little or nothing to complain about in the selection of Chairmen, it is only by making the change proposed that the independence of tribunals from the departments with whose affairs they deal can be established beyond dispute.

This argument seems to have force, even although the change proposed may make little practical difference to the way in which appointments are made.

Inquiries or Hearings

PART III of the report deals with the application to particular tribunals of the principles set out in Part II. In this section of the report the Committee have clearly looked closely at the type of work and the circumstances of each tribunal. No one could fail to be impressed by the attitude of mind with which this part of the report is written and with the absence of the desire to recommend change merely in order to secure complete consistency with the general principles laid down by the Committee.

It is in the 23 pages of this third part that one would expect to find criticism of unfair or unsatisfactory working of tribunals. In regard to two groups of tribunals the Committee do express or note strong criticism. Thus they regard it as "wholly undesirable" that County Agricultural Executive Committees should continue to exercise adjudicating functions in addition to their executive functions; and they recommend that this combination of duties should be brought to an end. They also note that they have received more criticism of the rent tribunals than of any others.

These two instances, however, stand pretty well alone, so far as tribunals are concerned. There is nothing in the report to sustain accusations of widely spread bureaucratic ineptitude.

Parts IV and V of the report deal with by far the most difficult part of the subject—the administrative procedures involving an inquiry or hearing. These are specially controversial and for two reasons. First, the nature of the subject-matter—broadly, the acquisition of land and town and country

planning questions (development plans, planning applications and appeals). Anything to do with land naturally arouses strong feelings. It is hard enough to have your land taken away or to be forbidden to use it in a way you like. Feelings become stronger if it happens that the basis of compensation causes the compensation paid to be substantially less than market value.

Then again the procedures involved lend themselves to controversy. It is not surprising that this should be so since in the Committee's view "these procedures cannot be classified as purely administrative or purely judicial". They are a bit of both: judicial, in as much as there is a preliminary hearing; administrative in that the final decision cannot be reached by the application of rules and must allow the exercise of a wide discretion in the balancing of private and public interest.

The Committee's recommendations on this part of their task are mainly directed to ensuring that the preliminary inquiry or hearing is carried out in a way that will secure openness and fairness to the parties appearing before it. They make a number of important recommendations to this end. To quote three, out of many, by way of example: that wherever possible the Minister should make available before the inquiry a statement of the policy relevant to the particular case; that in appropriate cases officials of departments should be required to give evidence and in suitable cases to be cross-examined; and that the codes of procedure for inquiries should be formulated by the Council on Tribunals and made statutory.

The two most controversial recommendations in the whole report occur in this connexion—they are that the main body of inspectors who conduct these enquiries or hearings should be placed under the control in England and Wales of the Lord Chancellor (with a corresponding recommendation for Scotland) and that the Inspectors' reports should be published. These two recommendations are subject to a brief and restrained reservation by Lord Silkin, this being the only reservation to the whole report.

There is nothing inherently unreasonable about either of these recommendations. Indeed they would apply, as a general rule, what is already the practice in one or two departments, which habitually appoint outside persons as inspectors to conduct inquiries, and publish the reports of these Inspectors.

The arguments against the recommendations are familiar and are clearly set out in the report. The effect of the discussions of these issues on one who has never been involved in this controversy is as follows. It seems evident that the Committee's recommendations will improve the working of the preliminary inquiry or hearing, and the esteem in which it is held in the eyes of the public. But that is not to say that it will remove all the criticisms about these "administrative procedures involving an inquiry or hearing". To some extent it may only shift some of the weight of criticism from points connected with the preliminary hearing to the area of the Minister's decision, and in particular to any differences there may be between the Inspector's report and the Minister's decision.

The Committee of course recognize this. They provide for the Inspector's omitting recommendations from his report in cases where policy considera-

tions are specially important, and for the Minister's giving a statement of reasons when he differs from the Inspector.

The recommendations of the Committee on these points would involve a big change in the practice of certain departments, and it is not possible to forecast with certainty how they would work out. But one is left with the impression that, while the procedure recommended would probably be an improvement on balance, it might well impose a heavier burden on Ministers.

That is by no means necessarily wrong. For one should not leave this part of the subject without referring to the real difficulty that underlies it. This is that the volume and difficulty of the issues dealt with by these procedures affecting land has imposed on the government departments concerned a vast load of controversial work. It is this combination of volume and controversy that has proved too much for the machine. The Committee are aware of this. They point out that, at the time of their inquiry, planning appeals were being dealt with by the Ministry of Housing and Local Government at the rate of 600 a month. This they obviously regard as an intolerable burden, and they consider various means of lessening it, coming down in favour of empowering the Ministers concerned to delegate decisions on some appeals to Inspectors.

One reader, at least, cannot help wishing that the Committee had felt able to spread themselves a bit on this. He wonders whether they would have agreed that while, for example, the general principles of modern planning legislation may be generally acceptable to public opinion, the same cannot be said about their detailed application to every village, field and roadside? And if that is the case, what can be done by Government or Parliament to relieve the strain on the government machine? What remedy does one apply to legislation that calls for much detailed administration and is either unpopular or not properly comprehended?

But having asked these questions one sees at once how wise the Committee were not to enter upon them: and it would not be fair to blame them for not having done so.

A Structure to Endure

THIS note has touched on but a few of the ninety-five recommendations at the end of the Committee's report. Those discussed have been selected as illustrative of the Committee's general approach and many of importance have been omitted. Enough has, perhaps, been said to justify this summing up. The Franks Report is the first attempt to deal comprehensively and realistically with what, at least in its present large dimensions, is a relatively modern problem. It has done so in the best tradition of important British inquiries: it combines a good grasp of principle with a sound knowledge of the facts. It has its feet on the ground, but it also seeks to build a structure that will endure.

Above all, its picture of the part that tribunals can and should play in any system of government is supremely well done, and should give it a high place in history; while its cool objectivity should go far to commend it to all who study it, and to ensure it a wide measure of acceptance.*

* See also the footnote on p. 67.

RACE IN BRITISH AFRICA

THE FEDERATION AND ITS NEIGHBOURS

WHEN the Federation was brought into being in 1953 British East Africa was in the throes of the Mau Mau emergency, while the Union of South Africa was undergoing the acute stresses of *apartheid* as Africans, Asians and Coloured strove to resist the enactment and implementation of new segregatory measures. At no time was greater heed likely to be paid to Lord Malvern's warning about the danger of British Central Africa's being "squeezed between the nutcrackers" of militant African nationalism, advancing from the north, and aggressive White racism, advancing from the south. True, there were those at the time who minimized the threat of anything like Mau Mau in the Rhodesias and Nyasaland, and who also discounted the possibility of Central Africa's being engulfed by Afrikaner-Nationalism. Yet there can be little doubt that the responsible statesmen and citizens who supported Federation, in both Britain and Central Africa, were largely motivated by a desire to ensure that the pursuit of inter-racial partnership should become the dominant objective of policy in a united, economically stronger, and centrally situated area of British Africa. Among many of these men there was the further hope that, through its success, partnership in Central Africa would establish a pattern of race relations which, over the course of years, would be adopted by the adjoining zones of British Africa.

It is still too early to discern any clear relationship of cause and effect between what has happened in the Federation during the past four years and developments in East and South Africa, and it would be unwise to attribute to the Federation influences which have borne significantly on events in the neighbouring zones; but it is nevertheless important to point to certain hopeful trends in these vital areas, for the future of the peoples of Central Africa is closely intertwined with the fate of their neighbours in South and East Africa. And if, as is not unlikely, the firm adoption of the policy label of Partnership, the direct antithesis of *apartheid*, has played its part in assisting such hopeful trends, then the supporters of Federation as an instrument of partnership have cause to congratulate themselves. However, as Sir James Rose Innes once observed, smooth and facile optimism has its dangers and, until the still very new Federation is within sight of translating partnership from disputed theory into accepted general practice, it would be foolish to make extravagant claims about its influence.

The most hopeful development to the north of the Federation is the substantial reduction in inter-racial tension in Kenya, where humble individuals of all races now feel that they can confidently face the future together, on a basis of closer partnership in every sphere of life. Acute political problems remain to be solved, tempers have flared as claim and counter-claim for greater representation and power have been made, and there are still many deep-seated economic and social difficulties to be overcome, but the end of

the emergency and the relaxation of social barriers have significantly lowered the temperature of race relations. The present easy mixing of races in hotels, clubs and homes may be no more than a cathartic consequence of the Emergency, but it does permit leaders of all groups to engage in frank discussions on a basis of equality.

Apartheid Challenged

IN South Africa too, where social intercourse was, in fact, far more common than in East and Central Africa before the present Afrikaner-Nationalist régime, *apartheid* has been strongly challenged from unexpected directions. The most notable impact has been made by Professor B. B. Keet, Dutch Reformed theologian at Stellenbosch, the intellectual heart of Afrikanerdom, whose book *Suid-Afrika Waarheen?* (now translated as *Whither South Africa?*) delivers a penetrating frontal attack upon *apartheid*.* Professor Keet's critical examination of the alleged religious justifications for *apartheid* and his views on political, economic and social rights for non-Whites have evoked a significant response. In delivering his recent Hoernle Memorial Lecture, *The Ethics of Apartheid*, before the South African Institute of Race Relations, Professor Keet achieved a further notable success in challenging the conscience of White South Africa. Among thinking rank-and-file Afrikaner-Nationalists there has also been evidence of a readiness to subject *apartheid* to critical re-appraisal. In recent issues of *Die Burger*, the leading Nationalist newspaper, a majority of correspondents have indicated their recognition of the need for educated non-Whites within South Africa, as well as eminent non-European visitors from oversea, to be excepted from the restrictions of social *apartheid*. As one critical writer felt moved to complain, the Nationalist author of the original letter was doing no more than to advocate Rhodes's policy of equal rights for civilized men!

In a land like South Africa, where a mass treason trial is taking place, and where liberal Church and university leaders are struggling desperately to prevent the cleaving axe of *apartheid* from falling upon institutions that have long practised non-racial policies, it would be foolish to be over-optimistic about an early achievement of harmonious race relations. The same may, of course, be said of East Africa, where Uganda and Tanganyika, as well as Kenya, are currently racked by political disputes about the rights of minorities; but the hopeful developments to which attention has been directed serve to indicate that there are positive as well as negative aspects of the continental context in which race relations in the Rhodesias and Nyasaland must be viewed.

Reactions in the Federation

OF race relations in the Federation itself there are two major reactions, which dominate the total picture. First, there is the sombre fact that Africans in Nyasaland remain unreconciled to Federation and continue to

* For the opposite view in Dutch Reformed theology, see "*Apartheid and the Scriptures*", in THE ROUND TABLE, No. 174, March 1954, pp. 161-6.

press for the release of their Protectorate from the new union. There has not been time for the recent visits of Lord Home and Sir Roy Welensky to make their full impress, and it remains uncertain whether the emphases that the Secretary of State and the Prime Minister have placed upon the undoubted economic progress of Nyasaland since Federation will register widely among Africans; but the African leaders were unequivocal in the criticism of Federation that they offered to Lord Home. While the position of Africans in Northern Rhodesia is less clear-cut, it must also be recorded that many of their leaders share the views of the Nyasalanders and adhere to their pre-Federation argument that Partnership should have been defined and brought into progressive operation before closer union was effected by the United Kingdom Government. The second major reaction has been that of the Whites of the Federation, who are eager to see Rhodesia and Nyasaland advanced to fully self-governing status within the Commonwealth, on a par with Ceylon, Ghana and Malaya, and this within the near future. This ambition is completely understandable, but it is an awkward fact that the majority of Africans favour the continuance of United Kingdom control over both the Federal and the Territorial Governments. The United Kingdom Government is in a delicate and unenviable position, but obviously its future decisions must depend a good deal upon an assessment of the progress that will have been made towards the achievement of partnership by 1960, the year when the existing constitution is to be reviewed.

In 1951, shortly after the Official Survey of Native Policy in the three separate Territories, it was observed that questions of land, labour and political representation provided the critical issues in the Rhodesias and Nyasaland, as in the other multi-racial societies of Africa, while policy and practice in the sphere of local government, education and inter-personal relations were also of the greatest significance. In order to gauge the degree of advance towards partnership, we might then regard the situation at the time of the Officials' Survey as a convenient datum and attempt to note subsequent events and developments in regard to each of these matters. And, because labour disputes and strikes on the Copperbelt and in Southern Rhodesia have attracted most attention from the world press, we might well open our brief analysis with an examination of labour and employment policy since Federation. In Northern Rhodesia the acute labour problems of the Copperbelt have continued, with African and European mineworkers striving to advance or to protect what they regard as their respective interests. Enlightened industrial leaders, like Sir Ronald Prain, have taken the initiative in attempting to reconcile the parties and to secure agreement on African advancement; and, with official support, they have succeeded in breaching the industrial colour bar to the extent that the principle of the right of Africans to undertake more responsible work, hitherto the preserve of Europeans, has been recognized and acted upon. But the African advancement that has taken place has been strictly limited, and insufficient, as yet, to ensure that non-racial labour practices will become entrenched in the way that they have now become in many States of the United States of America, where Negro workers no longer fear discrimination in times of stress. In the

light of South Africa's experience of disruptive colour-bar practices in the gold-mining industry during the 1920's it is clearly of the greatest importance that steady pressure towards the attainment of industrial partnership should be maintained in the related, and economically comparable, copper industry of Rhodesia and Nyasaland.

Race Relations in Industry

THE Official Survey before Federation rightly drew attention to the Southern Rhodesian Industrial Conciliation Act, 1945, the racially discriminatory principles of which were taken directly from South African legislation when it was first enacted in 1934. It was, therefore, an event of great possible significance when a Select Committee of the Rhodesian Assembly chose recently to recommend that this central industrial statute should be rendered non-racial, rather than to make special legislative provision for separate African trade unions. Whether or not the Bill will be adopted in a significantly non-racial form now remains open, since the Bill received heavy criticism in the all-White Assembly earlier this year, and it has been referred to another Select Committee. The racial tone of many of the speeches during the Second Reading debate makes evident the undoubtedly uneasiness felt by European trade unionists, and it is clear that, no matter what the final form of the Bill, facile conclusions on the achievement of "industrial partnership" must be avoided, and that one must await the acceptance of significant numbers of African workers by their European fellows before attempting final judgment on this vitally important subject.

Land policy is of most interest in Southern Rhodesia, where the practice of territorial segregation between the races has deepest roots and where it finds its clearest statutory expression in the long-established Land Apportionment Act, with its complementary Natives Urban Areas Act. Minor, if important, modifications were recently made to the law so as to permit African professional men and university undergraduates to occupy premises in the "European" area of the cities and towns of the Colony; but the endeavour to extend the urban zones of "non-racialism", which was made at the time of the amendment, was defeated. However, an Urban African Affairs Commission is currently engaged on an extensive inquiry, and its report in the first half of 1958 will be of great interest. In Northern Rhodesia, where there are urban problems comparable to those of Southern Rhodesia, a Committee of Inquiry, which reported in 1956, found itself unable to recommend the adoption of the principle of direct African representation on the Municipal and other Urban local government Councils. This decision has occasioned surprise among British local government experts acquainted with East Africa, where Africans have for some time served as members of the Nairobi City Council and other bodies, but one must record that the Northern Rhodesian Committee has advised that the whole question of African participation in urban administration should be reviewed within five years. The fact that two Africans served on the Northern Rhodesian

Committee of eight, and that one African is a member of the Southern Rhodesian Commission, must also be mentioned.

Town and University Life

THE importance of cities and towns, where Africans and Europeans face the severest tests of "mutual accommodation", requires no emphasis. It is pertinent, therefore, to include within our brief survey of the areas some consideration of inter-personal relations, especially progress towards the removal of colour barriers. To offset the strikes, riots and stonings that have been reported from the Rhodesias, there have been successful endeavours on the part of individual citizens and voluntary associations to bring together people of all races, while social barriers in commercial establishments, such as banks and shops, and in public places, such as post offices, air terminals and railway stations, have been removed in many centres, notably in Northern Rhodesia. It is, perhaps, unfortunate that an African-sponsored motion in the Federal Assembly calling for the legal prohibition of racial discrimination on railway trains, in post offices, &c., should have met with less sympathy than it might have been accorded, and also that a Northern Rhodesian Anti-Discrimination Ordinance should have been emasculated in its final stages; but public interest in such matters has clearly been awakened and, given sound political leadership, there is good reason to hope that enlightened practices will spread.

In the educational sphere the University College of Rhodesia and Nyasaland, still in its first year of full operation, encourages the belief that young leaders of all races will come to know each other, on a basis of equality, in a manner hitherto unknown in the Rhodesias save in certain Christian missions. There have been minor problems of adjustment, but these have been no greater, apparently, than those experienced many years ago by the "open" Universities of South Africa—Cape Town and Witwatersrand—and there is every promise that the European and African undergraduates will themselves satisfactorily resolve such further difficulties as may occur. As to education below university level it is important to record that the new Department of Education of the University College is co-operating closely with the Government Education Departments, and that special attention and funds are being devoted to teacher-training. The general improvement of African schools by such means must, in time, have a considerable influence on race relations.

The details of franchise rights and political representation were left, by the Rhodesia-Nyasaland Constitution, as by the earlier South Africa Act, to be determined by the several legislatures after union was brought about. It is, therefore, of the highest importance to note that the Southern Rhodesian legislature has recently adopted a new Territorial Electoral Law, after many sharp debates on the report of the "Tredgold" Franchise Commission. As in other recent Southern Rhodesian amendments to the electoral system, voters' qualifications have been raised, but an important innovation permits the addition to the voters' rolls of a substantial number of "special" voters, for whom much lower qualifications are demanded than for ordinary voters.

The "special" (mainly African) vote will be restricted, in its influence on any constituency, by a 20 per cent quota provision, but the increased African influence that is made possible could clearly serve to assist the return of "racially moderate" candidates. At the moment the new measure continues to arouse strong feelings, especially among those Whites who favour policies of racial segregation, and among Africans who resent the restrictions which have been introduced, but it seems that the oft-imperilled non-racial franchise principle of Southern Rhodesia, taken over from the Cape Colony in 1890, has once more been preserved. Despite misgivings which might be felt about the details of the new law, the spirit of the Tredgold Report, and the firm government decision to persist with a basically non-racial electoral system, may be seen as significant initial steps towards political partnership.

The Two-Tier Franchise

THE proposed modifications to the Federal system of representation by enlarging the Federal Assembly from 35 to 59, and by introducing a "two-tier" system of voters' rolls comparable to the new Southern Rhodesian system, have met with less success, for the African Affairs Board, the standing committee of the Federal Assembly which has the duty of safeguarding African interests, has for the first time invoked its full powers to secure the reservation of Sir Roy Welensky's Constitution Amendment Bill. Under the procedure prescribed for a measure deemed to be "differentiating" the Bill must now lie in the House of Commons for forty sitting days, together with the Board's report, before the United Kingdom Government can make a final decision on its allowance or disallowance. The essential criticism of the African Affairs Board is that, while the members agree that racial representation should be abandoned as soon as possible, they cannot support during the process of abandonment a diminution of the powers which Africans presently enjoy in terms of the Constitution of 1953. In the present Assembly of 35 members Africans have absolute control of 4 African members; in the reformed Assembly of 59 they would still control only 4 African members, even though the proportion of all "African representatives" would remain very nearly the same, viz. 15 : 59 as against 9 : 35. The Board, whose chairman is Sir John Moffat, a nominated European representative of African interests in Northern Rhodesia, points to the fact that under the new Bill the number of Africans elected by Europeans as well as Africans will rise from 2 to 8 while the number of members returned by overwhelmingly European electorates will rise from 26 to 44. The Board also emphasizes that the difference in the size of a parliamentary majority, in this case 29 as against 17, is vitally important. An aspect of the current controversy is that the Constitution Amendment Bill only secured its required two-thirds majority through the support of one of the Southern Rhodesian African members, elected by an overwhelmingly European electorate, who immediately resigned his seat, as a result of African protests.

There is not space to enlarge on the Federal Assembly dispute, which awaits attention in the United Kingdom Parliament, but its outcome will, obviously, have a direct bearing on the course of race relations in the Federa-

RACE IN BRITISH AFRICA

tion.* But, from what has been said of developments in the political and other spheres of human relations, it will be plain, as a leading article in *The Times* has emphasized, that no Government in the eastern sector of British Africa has yet succeeded in resolving the many urgent problems of race relations that confront them. Progress towards partnership has been achieved in the new Federation, but the general situation remains one of flux, and time and close co-operation by all members of the Commonwealth, especially the United Kingdom, are required if the gains that have been made are to be consolidated. The respective rôles of the United Kingdom and Central African Governments, and the possibility of creating new institutions to assist the steady advance towards partnership and stable self-government in East and Central Africa, are matters that demand further separate examination.

As a last word in any article on recent events in the Federation of Rhodesia and Nyasaland one must refer to the striking warmth of the welcome that was accorded to Her Majesty Queen Elizabeth the Queen Mother during her recent visit. The significance of the deep loyalty displayed by all races cannot be exaggerated.

* In reply to a parliamentary question the Secretary of State for Commonwealth Relations has indicated his intention of setting aside the objection of the African Affairs Board. This was reported on November 1, 1957. Debates on the Board's report in both Lords and Commons have not altered the Government's decision.

UNITED KINGDOM

CLIMATE OF THE SPUTNIK AGE

THE knowledge that the entire globe is being continually encircled by two Russian-propelled satellites, launched within a month of each other but representing in the differences between them years of normal scientific progress, has had a subtle but perceptible effect on public opinion. It does not exactly change the perspective in which public events are seen and no-one has a very clear idea of its significance in terms of national safety; but it provides a glimpse into a possible future of which the public is always half aware but which only occasionally reaches the surface of consciousness. A not so epoch-making piece of news has recently had the same effect: a technical defect in the operation of a plant producing nuclear energy, at Windscale in Cumberland, led in October to the need for elaborate precautions in the area against the dangers arising from the infecting of cows' milk by radiation. These things seem remote from the proceedings of the Disarmament Commission and the increasingly complicated and humdrum discussions of Britain's defence arrangements; they seem remoter still from the daily preoccupation with the balance of payments, the conduct of the trade union movement and the future of the Liberal Party; they merely serve, as death used to, as a reminder of the comparative insignificance of things apparently important. This sensation, it must be added, is rapidly superseded by ordinary curiosity.

Indeed, the relief from monotony provided by these eruptions of science is generally welcome. This quarter has not been quite so much in need of such diversion as most: there have been the usual strikes and agreements to end strikes, of which the most ironic was that ending the Covent Garden strike on August 14, and on terms essentially the same as those agreed by the unions on August 7 but turned down by the workers; prices have continued to rise and fresh wage claims are still being made; the Queen has had a brilliantly successful tour of Canada and the United States, and another journalist has shown his professional devotion to originality by attacking her in language offensive to the overwhelming majority of her loyal subjects. The background has remained much the same, but important moves have been made on the political stage, the tempo of party controversies quickening and their bitterness increasing; the Government has been exasperated by adversity into an apparent determination not merely to govern but to be manifestly seen to be doing so; the last pretence of conciliatory spirit on the part of the trades unions has been abandoned; much more convincing evidence has been forthcoming than any so far available of a growing public anger with both the main political parties; and, above all, Lord Hailsham has been propelled into the front lines of the political battle, thereby giving it a colourful and dramatic quality for long absent. When to all this are added a new kind of influenza epidemic, the Royal Commission's report on the

attitude of the law towards homosexuality and prostitution, an announcement of the Government's long-delayed intention to introduce life peerages and the decision of a small private bank in Birmingham to suspend its activities completely pending an investigation of its affairs, the period under review cannot be thought monotonous.

The Government Stirs

THROUGHOUT the summer the country's financial position continued to grow worse; in August the Gold and Dollar reserves fell by \$225 million and during September by \$292 million. All the factors making for rising prices at home and injuring the nation's export trade were apparently being intensified rather than diminished; the demand for stronger measures grew more insistent and the nadir of the Government's reputation seemed to have been reached at a by-election in Gloucester in mid-September. The Conservative portion of the vote in this Socialist seat fell from 49·1 to 28·6 per cent and a Liberal candidate astonished everyone by polling 20·1 per cent of the votes cast. The inevitable post-mortem was more than usually squalid, everyone on the Tory side blaming everyone else on the Tory side, but there did emerge an overwhelming feeling that the whole organization of the Tory Party was at fault and that the party leaders were failing to keep workers in the field properly inspired. How far the Prime Minister was prompted by these feelings cannot be known; but within a week he had reorganized his Cabinet.

No surprise was felt at the appointment of Mr. Derek Walker-Smith, formerly Minister of State at the Board of Trade, to the post of Minister of Health in succession to Mr. Denis Vosper, whose resignation as the result of ill health was everywhere regretted; Mr. Vaughan-Morgan's promotion from the Parliamentary Secretaryship at the Ministry of Health to the post of Minister of State at the Board of Trade was also a routine reward for able political services; there was widespread pleasure at Mr. Geoffrey Lloyd's return to the Government after two years' absence, now with the post of Minister of Education and with Cabinet rank. (Mr. Lloyd, who suffered from one of Sir Anthony Eden's Cabinet reorganizations, seemed to many to have been a much misused man, most of his ministerial life having been spent in dull offices like the Ministry of Fuel and Power, which gave little scope to his general abilities.) There was only one dramatic appointment, that of Viscount Hailsham to the post of Lord President of the Council, an event that was rapidly followed by his elevation to the Chairmanship of the Conservative Party in succession to Mr. Oliver Poole, who becomes his deputy.

One of the commonest criticisms of the Government for some time had been that Ministers seemed incapable of making sufficiently vigorous speeches in the country; preoccupied with detailed duties, their public utterances were too rare and often much too specialized and dull; what was needed was a man free from detailed administrative duties who could expound and defend the Government's home policy in vivid terms and who could play his part in shaping its broad strategy. The idea of reviving the arrangement so successful in Lord Woolton's time by which the Chairmanship of the Conservative

Party was combined with a senior ministerial post free from departmental responsibilities* seemed to have much to commend it. The Government's electoral defeats were plainly caused largely by the desertion of Tories; there was danger that the party machine would get out of control and cease to perform its traditional function as an instrument of the party leader's will. Someone who could teach the Conservative rank and file that it was absurd to try and behave as if the trade unions did not exist and the Welfare State could be scrapped at will was as necessary as someone to convey to the Government something of the anguish felt by the Conservative rank and file.

Everything about Lord Hailsham suits him for his task. He is a man born to embrace desperate causes; he has a passion for chivalrous advocacy, first seen when he entered politics as a successful Conservative candidate at a famous City of Oxford by-election shortly after Munich and astounded academic audiences by his brilliant assault on his Left-wing opponent, the Master of Balliol (afterwards Lord Lindsay of Birker), and by his devastating intellectual defence of Mr. Chamberlain's foreign policy. A former Fellow of All Souls and a Queen's Counsel, he is a scholar, not to say a doctrinaire; towards the end of the war he was seen challenging the leadership of his party in Disraelian style, urging them to return to the pure word of Tory democracy; later, he wrote a powerful book in explanation of Conservatism. To his intellect, however, he unites powerful emotions; he has a generous character and a hot temper; he speaks with a degree of sincerity that sometimes seems to put a strain on his blood vessels. He will dare to say things from which others shrink, but one quality prevents him from being thought of as an exhibitionist: he is unflinchingly loyal; he is happier employing his forensic talents to defend a cause that sorely needs them than he is in vaunting his independence of mind. All this makes the pulse of the party worker beat faster.

It must not be forgotten, however, that, in spite of this partisan touch, Lord Hailsham is a firm devotee of the middle way in politics. His functions as an educator of the rank and file are as important as his functions as an entertainer, though inevitably these last have been in the ascendant so far.

Defending the Pound

POWERFUL speeches are of little avail if there is nothing substantial to make them about. A few days after the Cabinet changes, Mr. Peter Thorneycroft, the Chancellor of the Exchequer, on the eve of his departure to the International Monetary Fund meeting in Washington, announced that the bank rate was to be raised to 7 per cent, the highest figure at which it has stood since 1921; private banks have been asked to restrict their advances to

* The responsibilities of the Lord President of the Council are not to be under-estimated. He supervises a number of diverse government activities (including some aspects of atomic research); and his miscellaneous duties, added to the party chairmanship and partnership in a very small team of senior Ministers in charge of Government business in the House of Lords, are placing a visible strain even on the tough constitution of Lord Hailsham.—*Editor.*

the same total amount as last year and the Government has undertaken to restrict investment in the public services in the same way.

These measures were provoked by an extreme crisis and one that could rapidly have taken the country back to the condition in which it stood six years ago, thereby undoing all the beneficent effects that have been claimed for Tory rule. It is clear, however, that they are not at present intended to be of the nature of short-term emergency measures. For the first time, a consistent theory of home policy seems to have been developed: it has now been several times expressed in speeches by the Prime Minister, Lord Hailsham, Mr. Thorneycroft and Mr. Macleod. Its premise is that, while the Government will defend full employment, it will not do so at the cost of inflation. The Government is seeing to it that the money is not available to finance expenditure the country cannot afford; it is urging employers not to make economically unwarrantable wage concessions in the interests of industrial peace; it has made it clear that it will not make such concessions itself and in particular that it will not go to the aid of the British Transport Commission, should that body apply to the Treasury for help in meeting new wage demands, some of which are impending.

The Government argues that this policy is as moderate as it is firm; it will not in itself create mass unemployment though it may produce a modest increase in temporary unemployment, thereby making the movement of labour from one industry to another easier.

The obvious immediate danger is that the policy will be powerfully challenged by the trade union movement, which has now abandoned all pretence of voluntary wage restraint. A few powerful unions covering essential services would no doubt be able, in present financial conditions, to exact higher wages; the difference is that these wages would now have to be financed by a withdrawal of purchasing power that at present goes to pay the wages of workers in less essential industries; the result would then indeed be unemployment of considerable dimensions, but this would be self-imposed by the unions and, as the Government points out, continuing inflation would soon produce catastrophic unemployment as a consequence of the loss of export markets.

Another more dramatic possibility is that the whole organized force of the trade unions might be put forward in a direct attempt to wreck the Government's policy. To this Mr. Macmillan and his colleagues would no doubt reply that if a sectional interest tries to dominate society, it must be opposed at any cost, and Lord Hailsham could be counted upon, as son of the author of the famous Trade Disputes Act, which followed the last General Strike, to take his place at the barricades.

The Government is using strong medicine and expert economists are by no means entirely happy about its effects. They welcome the new realism, but they also see in it two kinds of danger: in the first place, the restriction of private banking facilities is undoubtedly a blunt instrument; it is another infliction to be borne by the middle classes whom it is economically as well as politically desirable to please, and it is a powerful impediment to the expansion of industry, much of which is sorely in need of fresh sources of

capital. All this may be necessary, but the question arises whether a proper balance has yet been achieved between the respective contributions of public and private expenditure to the cause of economy. None but a misguided minority thinks the social services can be simply slashed, but many feel that the time is ripe for re-thinking their functions and that the Government is not yet bold enough to undertake this task.

A second danger arises from the outside world: disinflation is becoming an international fashion; it is being applied not only by debtor countries but by creditor countries like the U.S.A., where serious inflation is not likely; as a result, the difficulties of the debtor countries are unnecessarily aggravated. Many hold that more emphasis should be put on the importance of international action to anticipate what might otherwise become a calamitous international crisis.

For all these doubts and dangers Tories were unexpectedly heartened by the annual Party Conference at Brighton. Everyone's thunder, including the Prime Minister's, was stolen by Lord Hailsham. Two passionate speeches won the hearts of the rank and file. At the official closing of the Conference, the Lord President held the Chairman's bell above his head continually ringing it to the accompaniment of hortatory words and uncontrollable applause from the audience. He asked for whom the bell tolled and answered that it tolled for the Labour Party. The performance was an immense success and Lord Hailsham felt encouraged to repeat it when speaking in favour of the Conservative candidate in the Ipswich by-election at the end of October. The Tory poll fell by 14·4 per cent.

The Opposition

THE satisfaction an opposition necessarily and legitimately feels at the embarrassments of a government may have a deadening as well as a quickening effect, and some hold that this is what is happening to the Labour Party. The annual Conference of the Trade Union Congress at Blackpool at the beginning of September went well from the party point of view. The great question was whether the Congress would favour the Socialist Party plan for pensions reform. To do so would be contrary to trade-union tradition, since the unions have always held that the negotiations of professional pensions should be conducted by them as part of the process of collective bargaining with employers. Nevertheless, the Labour Party's plan was warmly approved in principle.

Another controversial issue would have been the Labour Party's novel plans on the subject of public ownership. The trade-union movement was expected to be suspicious of the apparent retreat from Socialist orthodoxy implied in the new party line. Nevertheless, the possibility of a compromise was carefully kept open: the Congress insisted on the nationalization of large sections of the machine tool industry, a pet preoccupation, and looked forward to a full trade-union programme of nationalization, which could then be the basis of discussions with the party in preparation for the next election manifesto.

The Government's policy of wage restraint by voluntary agreement with the unions received no encouragement. It was specifically and overwhelmingly rejected and, significantly, without apparent enthusiasm; it is now simply taken for granted that the unions will not play.

When the Labour Party Conference met at Brighton from September 30 to October 3, the prevailing mood was one of complacency. The Government's 7 per cent policy was virulently and triumphantly condemned; rent restriction, the most hopeful election issue from the Labour point of view, was dramatically emphasized by an undertaking to introduce legislation to restore rent control. Even the debate on public ownership provided few vivid incidents, the policy being approved by an overwhelming majority in spite of moving dissent from veterans like Mr. Morrison and Mr. Shinwell. There was only a slight rustle of sentiment about the executive's intention to pursue the public control of all the means of production and distribution by methods somewhat more oblique than those hitherto favoured.

The two great occasions were the debate on pensions, which saw the eternal undergraduate Mr. Richard Crossman in the new role of a statesman in total command of his audience and only as much command of his subject as was discreet, and led to the overwhelming approval of the pensions scheme; and the tremendous spectacle of Mr. Bevan's *volte-face* in the debate on nuclear bombs. Mr. Bevan's task was to explain why he, who had risked hell-fire and experienced at least some of its minor torments in stalwart opposition to Mr. Attlee's policy of moderate approval for hydrogen warfare, now favoured the manufacture and testing of the bomb. The real significance of the debate was that it represented the formal farewells between Mr. Bevan and his left-wing comrades and the temporary dissolution of the left wing of the Labour Party. There he stood on the Bridge of Sighs unfolding the travail of conscience through which he had passed before deciding to renounce the barmaid in favour of the duchess; rueful noises signified the view of old comrades that Nye was making good. Everything depended, however, on the enormous card vote wielded by Mr. Cousins, an avowed opponent of the hydrogen bomb; but, after hearing Mr. Bevan, he decided to throw his inflated weight on the side of the executive. Mr. Bevan had again succeeded by the familiar process of brilliant confusion; this time our having the hydrogen bomb was seen as a sovereign panacea for independence of America. Those who prophesied that Mr. Bevan had an assured future are going to be proved as right as those who prophesied that the left wing of the Labour Party was on the verge of dissolution.

Liberal Revival

A FEW conclusions are clear about the importance of the dramatic increase in the Liberal vote revealed by the Gloucester and Ipswich by-elections. No possible increase in support for the Liberal Party will suffice to bring it back to power or even to add to its representation in the House of Commons; any increase that does take place will hit both main political parties as it did at Ipswich, but it will clearly have a worse effect on the Conservative Party

than on the Socialist, if only because of the general withdrawal of electoral support from the Tories; no "deal" is possible between the Liberal Party and either of the other two parties, if only because the organization of the Liberal Party allows no central control of its constituency associations. Any agreement to present joint candidates or to abstain from intervening in particular elections is therefore unlikely to be practicable. All this makes the usefulness of the Liberal Party's present course difficult to define in ordinary political terms but greatly increases its "nuisance value". The cause of such reaction towards Liberalism as has taken place is not hard to discover: it arises from nothing other than the fact that the Liberal Party has the inestimable merit of being neither Conservative nor Socialist.

The Queen's Speech

THE legislative menu for the new Session announced in the Queen's speech on November 5 confirmed the impression that the main field of government activity was likely to be financial administration rather than legislation. Such legislative proposals as were made formed part of the Government's campaign for identifying itself with the cause of personal liberty. The Session will see legislation, for example, to put into effect some of the recommendations of a Commission under the chairmanship of Sir Oliver Franks which has reported on administrative procedures.* Constitutional measures also include a full-scale reform of local government, admitted to have been long overdue, and the creation of life peerages (not restricted to the male sex) with the right to sit and vote in the House of Lords. It is generally felt that only a few such peerages will be created in the first place and the measure is regarded as a temporary expedient pending a fundamental reform of the Upper House, a subject on which there is still no agreement between the parties. The measure, modest as it is, is not likely to have an easy passage. The more conservative peers are exceeding reluctant to share their crimson benches with ladies; and many Labour members of the House of Commons are so opposed to the hereditary principle that they will accept no reform, however good in itself, that does not include its abolition.

It is, however, financial measures that will decide the Government's fate. The real battle will be between the Treasury with its new-found determina-

* See p. 53. Intentions had already been outlined by Mr. Butler, who, speaking in the House of Commons on October 31, expressed the Government's approval of the spirit in which the Commission had made its recommendations. Specific points from the speech include the following:

1. The proposal for a Standing Council on Tribunals is accepted, but there is to be only one covering England, Wales and Scotland.
2. It is agreed that Chairmen of Tribunals should be appointed by the Lord Chancellor in England (and by the Lord President of the Court of Session in Scotland). Members of Tribunals however, will be appointed by the Minister of the Department concerned after consultation with the Standing Council.
3. Publication of Inspectors' Reports is accepted but not the placing of inspectors under the Lord Chancellor. But in future Ministers will only appoint or remove Inspectors after consultation with the Lord Chancellor.

tion to put a stop to inflation and the organized labour movement with its continuing determination to raise wages. Issues more far reaching than the fate of parties may depend on its outcome.

Great Britain,
November 1957

NORTHERN IRELAND

THE shadow of the gunman still hangs over Northern Ireland. Outrages by the Irish Republican Army and its allies in subversion went on sporadically during the summer and tended to increase as the hours of darkness lengthened. The prospect for the winter has thus become one of continued strain on the police and the army units responsible for public security, and on relations between the Unionist and Nationalist communities. On the evidence the terrorist forces are stronger than the governments on both sides of the border have calculated. In Northern Ireland 50 men have been sentenced to imprisonment and about 150 interned (in Eire the number of internees is about 115), but several known leaders are still at large and in command of a body of followers capable of carrying out operations at widely scattered points. It is also observed that there has been some recruitment of youths and an element of collaboration from a section of the population, chiefly in the border area. Many of the outrages have taken the form of cleverly devised booby-traps, in one of which a police sergeant lost his life. There have also been open assaults with weapons and explosives on two police stations, fortunately without serious casualties.

At the same time the terrorists' movements are under close surveillance and they have to some extent lost the initiative. The Royal Ulster Constabulary and the Civic Guards have made important captures of men and arms, and the watch on the frontier and in troubled districts has been tightened by the use of armoured cars and elaborate radio communications. At Newry, Co. Down, a period of curfew was imposed, and a further factor adding to the disorganization of the conspiracy was a warning from the Lord Chief Justice, Lord MacDermott, that under the Government's emergency powers, subversive crimes can be visited by sentence of death. The nature of the campaign can be illustrated by other figures. So far the police in Northern Ireland have seized 18 machine guns, 65 rifles, 41 revolvers, 2,848 rounds of ammunition, 816 detonators and 1,538 lb. of gelignite, a pointer to the extent of illegal traffic in arms. The security forces' successes, however, have been gained at no small cost. The Exchequer has been called upon to increase the Home Office vote by more than £500,000 to pay for police equipment and the mobilization of members of the Special Constabulary, and it has also had to provide £650,000 in compensation for criminal injury to life and property. This considerable expenditure takes no account of the liability of the British Government for military defence and the repair of its own establishments damaged by explosives.

The impression may well be given that Northern Ireland is in a state of upheaval. But in fact the life of the country shows little departure from

normal. For all the provocation there have been no clashes between the factions, and Belfast, where feeling so easily runs high, has remained free of incident. With the exception of Newry, where the blowing up of the lock gates has closed the port to shipping for six months, none of the sabotage of public services has been of more than passing annoyance. It may be said, too, that the events have lost some of their political significance. Since July when Mr. de Valera's Government began to take rigorous action against the secret societies little credence has been given to violence as the means by which Ireland can be united. On the contrary, the resort to force and murder has led to a timely demonstration of good sense on the part of the people of Northern Ireland, and has suggested a greater willingness for peaceful co-existence. For the future there has first to be surmounted the general election, which cannot be delayed beyond the late spring. Wisely, Lord Brookeborough decided against a dissolution in the autumn, so that the Nationalist Party is given a longer opportunity to regain the leadership of the anti-partition front usurped by the extreme republicans. To what advantage this can be turned is speculative, but on the experience of the past year there is a better hope of a revival of a democratic spirit and a return to active parliamentary representation.

The Economic Scene

MEANWHILE, a number of factors have combined to give a blunt reminder of the economic issues, which have a greater relevance than border raids. In August the Government published *An Economic Survey of Northern Ireland*, commissioned in 1947 from the Economics Department of Queen's University, Belfast, under Professor K. S. Isles, who has since become Vice-Chancellor of the University of Tasmania. This painstaking diagnosis of the causes and extent of the Province's under-development was quickly followed by the rise in the bank rate and the realization that efforts to found new industries, redoubled in 1955 by the setting up of the Development Council, have met with a serious obstacle. For the time being it would appear that Ulster can no longer look to British firms for more employment and the Council has, therefore, turned its eyes to the United States. There its vice-chairman, Sir Francis Evans, lately H.M. Ambassador to the Argentine, has begun a fact-finding mission which anticipates the interest of American industrialists in the production of goods within the ambit of a European Common Market. That this endeavour is far from vain is shown by the recent decision of the Du Pont and Chemstrand Corporations to establish major plants in Co. Londonderry.

For the long-term problem the Survey has offered no direct solution, nor was this its purpose.

In investigating the condition of a region endowed with few natural resources and separated from Great Britain by sea, the authors naturally emphasized the need for efficient transport services, cheaper coal, intensive technical training and the stemming of the outward flow of investment moneys, by which is indicated a greater measure of enterprise and engineering knowledge on the part of the Northern Irish themselves. It has been said

UNITED KINGDOM

that the most remarkable thing about the North of Ireland is not that its unemployment is consistently five points higher than the British percentage, but that it is not even higher. Such a comparison with Britain and the rest of Ireland is, of course, a matter of economic history—the creation of industries like shipbuilding and linen, which had their origins in individual enterprise and were able to remain competitive through wage-levels lower than those in England. Today the wage differential has largely disappeared, private financing has lost its efficacy, and the centralizing of commercial control in London (what has been called the law of the decay of the extremities) has been acutely felt and possibly aggravated by a long period of political unsettlement. Moreover, Northern Ireland, for all its tradition of emigration, has not had relief from its troubles through the transfer of population. At present about 6,000 people are leaving annually for Commonwealth countries, but apart from men and women with exceptional technical qualifications who are always drawn away, the 4,000 or so workpeople who seek jobs in Britain are usually balanced by the number who return. All the time, too, the population is increasing, particularly because of the high birth-rate among Roman Catholics who, under the religious system of education, have less scope for making a due contribution to productive industry. For these various reasons, and the further one of safeguarding its political majority, the party in power must strive to bring work to the people rather than rely on any demographic redistribution. It is a reflection of the same thing that it must seek to site factories in the outlying parts of the Province, where the change in agricultural methods has been leading to depopulation of the countryside.

Inevitably the Government has had to fall back on subsidies to maintain and expand employment. Existing industries have had access to substantial grants for re-equipment, and new ones, from home or abroad, to a most generous range of inducements, including the building of factories at nominal rentals. Since the war this policy, supported by the rapid extension of public utilities, has made distinct progress and the total trade of the Province has risen steadily. (The figure for 1956 was £575 million, representing the exports and imports of 1,300,000 people.) Nevertheless, the pursuit of full employment is unending. The "bulge" now exerts its additional pressure and there must be made good the persistent contraction of the once dominant linen industry. This month registered unemployed numbered 6·2 per cent of the working population and the aggregate of 29,210 was 3,000 more than it was a year ago. In this all too chronic situation, with the higher bank rate (the Northern Irish banks have struck their own rate of 8½ per cent) the economic climate blows colder than ever. Lord Chandos, chairman of the Development Council, has indicated that the drive for new industry has been halted, though he has reiterated his faith that under more favourable conditions the problem can be reduced to tolerable proportions.

Northern Ireland,
November 1957.

IRELAND

OLD PROBLEMS, NEW POLICIES?

IT is a good thing sometimes to "see ourselves as others see us". For this reason the fifth visit of the British Association to Dublin was both useful and important. For us it provided a good opportunity to examine objectively in a detached scientific atmosphere some vital problems affecting our economy, and to meet scholars and scientists of repute. Our guests on their part were able to enjoy Irish hospitality and see something of the country, and whilst increasing their own scientific knowledge to contribute to the enlargement of ours. The subjects for discussion, which were as usual wide in range, had been well chosen, many having regard to Irish conditions. They ranged from nuclear energy to the habits of glowworms. The meeting also showed the close contact that exists, and must continue to exist, between Great Britain and Ireland, for one cannot imagine the British Association meeting in Paris or Rome. The happy relations established during the meeting are bound to be beneficial to both countries.

Agricultural Policy Examined

IRISH members of the gathering found the proceedings entirely congenial. These began with an address from Professor Blackett advocating the grant of generous aid to the undeveloped countries of the East, while towards the end there was a discussion on the foreign content in Irish blood groups. At an early stage in the discussions Dr. Juan N. Greene, the able President of the new Irish National Farmers Association, speaking to a paper by Sir James Turner, his opposite number in Great Britain, who was President of the agricultural section, emphasized the importance of trade between this country and Great Britain. "Our countries", he said, "must inevitably be complementary as even jointly we cannot provide in total our basic agricultural needs, and, in terms of industrial potential, expansion could rapidly outpace the total available man-power." He also contended that the common ground of our geographical position, currency and traditional trading interests provides the basis for an economic integration of these islands on the lines of Benelux and the European Common Market. The closer integration of the European economy indicated, he said, that isolation had become a threat to future development. He added that "an alternative for us must be to try and integrate the economy of these islands to a point which would enable us to determine jointly a common policy towards the Free Trade area". This in effect is the policy recently suggested in these pages.* Referring to the pattern of Irish agriculture he explained that it consisted mainly of farms under 50 acres, of which 80 per cent were in grass production. The present British policy of giving preferential treatment only in the case of store cattle exports tended, he said, to maintain this situation and so aggravated our demographic and social problems. What was needed was to increase output to a point where each acre would return a net family income of £16

* See THE ROUND TABLE, No. 188, Sept. 1957, p. 384.

in order to remunerate labour input and investment. A standard such as this would result in a greater export of agricultural produce and thereby considerably increase British industrial imports to Ireland. Here lay the possibility of a constructive and mutually beneficial partnership. It was perhaps too easy to disregard this form of interdependence in times of peace. Dr. Greene laid stress on the need for an organized effort by Irish farmers and the necessity for them to have an effective voice in national agricultural policy. In this context it is interesting to note that Ireland was not represented at the recent international conference between British, Danish and Dutch farmers concerning the sharing of the British market through a quota agreement, our Department of Agriculture stating that "any question of a change in this country's general position in relation to the British market would be dealt with only at government level". In Denmark, which has consistently outclassed us in the British agricultural produce market, there is of course no Department of Agriculture and the farmers' representatives directly negotiate international agreements. Yet in another address to the British Association Mr. James Meenan, President of the Irish Statistical Society, pointed out that the central problem of Irish economics was to secure an increase of agricultural production, which, if it were achieved, would revolutionize our economic situation and relieve us from the restrictions imposed by a consistently unfavourable balance of payments. The possibilities of a society based on the processing of agricultural production had, he said, been underestimated. True expansion might lie along the lines of processing plants and the development of a commercial organization in agriculture rather than an exclusive concern with the rearing and export of livestock. For many years the Irish State had been governed on the principle that progress would be more quickly and usefully made by giving priority to manufacturing industry. The result, however, had not been all that was expected, and it was becoming apparent that our problems would not be solved merely by doing in the twentieth century what might have been done in the nineteenth. Judging by present trends at home and abroad it was doubtful, he said, if our *rentier* economy could long continue living at a standard higher than its earnings warranted and dependent on the stability of the currency in which most of its investments were placed. Since Mr. Meenan spoke the rise of 2 per cent in the British bank rate followed by the rise of 1 per cent here has given additional point to his criticism. Another aspect of our agricultural policy has been affected by the recent increase of 7½ per cent in cross-Channel freight rates, which were already a formidable charge on our exports. Mr. Lemass, the Minister for Industry and Commerce, has announced that he proposes to hold an inquiry into the matter and there have been suggestions that a new Irish shipping company should be established to carry Irish goods to Britain.

Bilingualism Dissected

A MORE explosive subject was discussed in a paper on bilingualism read by the Rev. E. F. O'Doherty, Professor of Logic and Psychology at the Dublin College of the National University, to a joint session of the psycho-

logical and educational sections of the Association. Professor O'Doherty bluntly stated that our present pseudo-bilingual policy of teaching English-speaking children through the medium of Irish was based on emotional, political and historical factors to the neglect of pedagogical, psychological and social considerations. Investigators, he claimed, had consistently recommended that children should be taught their native language and other subjects through its medium. Here, however, "native" had been taken to mean "ancestral" language and this had meant the by-passing of the child's normal means of social intercourse, which had many undesirable effects. As a symbol of independence or nationality language could be a valuable thing, but it shared the danger of all symbols: that the symbol itself might take precedence over the thing symbolized. The primary purpose of language was social and the first society in which language was acquired was the home. The language of the home was the child's "native" language, his "mother-tongue". The emotional life of a large number of our children was, he said, disturbed by the pseudo-bilingual situation in which they found themselves in their early years. These forthright and formidable criticisms from an acknowledged and impartial expert naturally provoked a violent protest from the Gaelic enthusiasts, and the National Council of their organization was driven to argue that a standard language binding people into a distinct national community was of more importance than the mother-tongue of a child. Rather unfortunately they chose as a proof of this statement the Gaelic-speaking island of Lewis, where the parents have all voted to have their children taught through the medium of English because they desire them to become a component part of the British community! It must be recorded, however, that the decision to teach our children through the medium of Irish was not made by the parents but by political fanatics. Professor O'Doherty in reply to this outburst pointed out that the statement of the Gaelic Council that "language is the chief means by which various family groups are welded into social and economic units, known generally as nations" was simply not true. He also pointed out that what he condemned was not, as the Council stated, "the use of Irish as a school language for Irish children" but the use of Irish as the *sole* medium of instruction and as the *sole* language of the infant school for children from English-speaking homes. It is to be feared that Professor O'Doherty's cogent complaint will be ignored by the Department of Education, which on this question, as on many others, is not only deaf but invincibly ignorant.

Precarious Equilibrium

THE trade figures for the first eight months of this year show a satisfactory improvement in the value of exports, which have increased by one-third over those for the same period in 1956. The fall in imports, however, which amounts to some £5 million, is less satisfactory. We are in short still spending too much on luxury and semi-luxury imports, and, while the gap between imports and exports is narrowing, it is still far too wide, so that a small alteration in the prices of imports or exports could quickly re-create the perilous position of 1955. We must therefore strive by a judicious com-

bination of budgetary, fiscal and monetary policies to maintain and strengthen the present position and thus prevent the crisis of 1955 from recurring. But if the present precarious state of equilibrium is to be stabilized a great increase in exports remains the only alternative to continued restrictions on imports or a general reduction in the standard of living. For this reason one welcomes the recent announcement of Mr. Lemass that proposals for the establishment of new industries, most of them involving exports, were being investigated by his department. But no more large capital industries are likely to be established here unless the Control of Manufacture Acts, with their absurd penal provisions restricting the introduction of foreign capital, are repealed. The recent report of the Export Board shows that dollar exports increased by 10 per cent in 1956. On the other hand our national income for the same year shows a decline of £13 million, the first decline since the figures were first published eight years ago. For the current year recent exchequer returns show that expenditure is still increasing faster than revenue. In 1932 we had 21,793 civil servants, this year we have 31,628. In 1952 interest and sinking-fund charges amounted to £8 million, this year they are over £15 million. These figures suggest a rake's progress. Fortunately an agreement has been arrived at between the trade unions and the employers' organizations which fixes the maximum wage increase at 10s. a week, but this amount will not be granted automatically. Where such an increase would affect employment or prices a smaller increase may be granted. In some cases no increase may be possible. Both organizations have agreed to make every effort to offset higher costs by improving efficiency and production in order to prevent a further increase in the cost of living.

The Northern Cancer

AS constant irritation causes cancer in the human body so persistent unsatisfied, and unsatisfiable, agitation leads inevitably to disorder and destruction in the body politic. This often forgotten fact explains, if it does not justify, our present plight. For over thirty years our politicians of all parties with few exceptions have disregarded the second fundamental commandment of Christianity to "love one's neighbour as oneself", and continuously dwelt on the alleged crime of partition. Their object was no doubt to distract people from their incompetence in other directions. Recent events illustrate this continuing policy. Mr. David Gray, who was American Minister in Ireland during the Second World War, in an introduction to a recent book on Ulster and the Irish Republic, alleged that Mr. de Valera believed Hitler would win the war, which would have enabled him to invoke his formula for the "exchange of populations" and replace the Ulster Protestant population by exiled Gaels. Mr. Gray also alleged that it was only when it became clear that Hitler could not win that Mr. de Valera concentrated on building up the so-called "crime of partition" as an excuse. These allegations are of course both unjust and untrue, but in answer to Mr. Gray the Department of External Affairs proceeded to publish a selected series of quotations from Mr. de Valera's speeches, which prove that from 1917 onwards he has been harping continuously on Partition as the "greatest crime Britain has

committed against this country". A much larger list of quotations could be compiled from the speeches of other politicians. The process still continues, for the two portentous speeches of Mr. Aiken, the Minister for External Affairs, during the recent U.N. debate in New York in which he proposed unrealistic and jejune solutions of the German and Middle East problems, were clearly designed by the bright "back-room boys" at his Department as a peg on which to hang our now famous Partition hat. It is, therefore, small wonder that the present generation has taken these imprecations seriously and has had recourse to force as a last resort.

Moreover these poisonous incitements of the politicians have been reinforced by the teaching in our schools. The fruits of this educational perversion are now obvious on the Northern Border. They have recently found fresh expression in a widely circulated school history of Ireland published by, of all people, the Christian Brothers with the sanction of the Department of Education and the tacit approval of the Roman Catholic hierarchy. This comic-strip publication in Irish glorifies violence, hatred, anti-English and anti-Protestant sentiment whilst denigrating the constitutional movement and its leaders O'Connell, Parnell and Redmond. No wonder that the state of affairs on the Border continues to be tense, dangerous and explosive.

During the year there have been approximately 200 incidents or outrages of a major character, and entry into Northern Ireland is now only permitted by a few approved roads, the others being blocked. During August an unfortunate Ulster police sergeant was killed by a murderous booby-trap explosion in County Tyrone. An incident of this nature in which some innocent civilians were killed could easily lead to a "pogrom" of Catholics in the North or some other serious reprisal. Such an occurrence could in turn easily lead to civil war between the Republic and Northern Ireland, which is no doubt the gunmen's real aim. The peril is great, real and continuous, as *The Times* special correspondent recently discovered.* Since Mr. de Valera came to power a serious attempt has been made to deal with the situation on the Southern side of the Border, and recent seizures of arms and explosives by the Civic Guard suggest that some success has been attained. Gelignite can however still be easily obtained. Dealing with a secret and silent conspiracy is always difficult.

The volume of the outrages committed since the extremist leaders were interned has decreased; the legal validity of their internment has recently been unsuccessfully challenged by *habeas corpus* proceedings in the High Court. A negative policy of restraint is not, however, enough; positive action is also necessary. Just as cancer in a human being can best be cured by its early recognition, so Partition must be recognized and treated as a reality that cannot be ignored and will continue to exist because the Ulster Protestants refuse to submit to being governed by a predominantly Catholic parliament in Dublin. There is, therefore, only one possible cure, namely to forget about Partition and to seek a permanent *modus vivendi* with the North.

Ireland,

November 1957.

* *The Times*, Sept. 16, 17, 1957.

PAKISTAN

A CHAMELEON PARTY

THE word "dramatic" has a connotation signifying the unexpected. In that way recent political developments in Pakistan are truly dramatic. When the Republican Party was formed early last year, its *raison d'être* was sought in the rôle it was to play in safeguarding One Unit, of which it was to act as the custodian and make it a going concern. But within seventeen months of its formation the party underwent a complete metamorphosis with regard to its self-allotted task. It willingly, even keenly, entered into an agreement with the National Awami Party for the disintegration of One Unit and the creation in its place of a Zonal Federation of autonomous units based on linguistic divisions of the province of West Pakistan. The sole object of the Republicans in taking such a drastic step was to incapacitate the Muslim League from ousting their Ministry in the very province which they had bargained to dismember. But the Muslim League itself was prepared to enter into a similar agreement with the N.A.P., and it was merely a case of first come first served.

The Republican-N.A.P. agreement stipulated that the former would lend their full support for undoing the One Unit in both the Provincial and National Assemblies. In return the N.A.P. were to side with them in the West Pakistan Assembly to defeat any direct or indirect vote of no confidence against them. Accordingly, a few days later the Provincial Assembly passed a resolution against retention of One Unit and recommended to the National Assembly to take appropriate steps for its implementation. In the voting the Muslim League remained neutral.

That was in September last. Meanwhile things were moving rather fast at the Centre. The Awami-League-Republican coalition, weakened by intestine intrigues and jockeying for power among its two constituents, was now crumbling. Having successfully weathered the storm in the West Pakistan province, the Republicans concentrated on repairing their position at the Centre. They could not patch up their differences with Mr. Suhrawardy. They could not relish, either, the prospect of being thrown out of office. So they took another somersault and entered into a coalition with the Muslim League, and on October 18 the new Central Government, headed by Mr. I. I. Chundrigar, was sworn in.

The terms which the Republicans accepted for coalescing with the Muslim League were diametrically opposed to what they had promised to the N.A.P. and were in flagrant violation of their past commitments. Subsequent to the passage of the One Unit disintegration resolution by the West Pakistan Assembly, the Muslim League found it advisable to pass a resolution, at its Dacca session, favouring the retention of One Unit, at least until after the first general elections have been held. The issue was then to be decided by the newly chosen representatives of the people. The Republicans, on the other hand, had pledged themselves to bring about the dismemberment of

One Unit even before the end of the present year and certainly, in any event, before the general elections. Now they forgot all about it and not only agreed with the League to shelve the issue for the present, but also surrendered on the electorate question. The Muslim League, being a sectarian political party, had all along advocated separate electorate throughout the country; but the Republicans had finally committed themselves to joint electorate when they voted in the National Assembly early this year for amending the Electorate Act of 1956 so that joint electorate may be introduced in West Pakistan as well. Even a chameleon cannot change its colours so easily and so frequently as the Republicans have done.

One of the major difficulties that confront the country is that no single party can by itself form a government either at the Centre or in the provinces. Since none of them has really been consistent in adhering to its own policies and programmes—usually set out in high-sounding manifestoes—each move of one seeking to coalesce with the other brings in fresh complications. Wildest promises are made in the most cavalier fashion and, if expedient, unhesitatingly disregarded. If there is a coalition, it rarely functions smoothly. Mr. Suhrawardy, for instance, was accused of quarter-decking the Republicans, who complained that all the important portfolios were in the hands of the Awami Leaguers.

Perhaps the mutual bickerings in the Awami-League-Republican coalition at the Centre might not by themselves have produced a situation culminating in Mr. Suhrawardy's resignation from the Premiership of Pakistan. But what exasperated the Republicans was their belief that Mr. Suhrawardy looked askance at the restoration of their Ministry in West Pakistan. And when eventually the Ministry was restored in the absence of Mr. Suhrawardy, who was then on his tours of the United Kingdom, the United States and Jordan, the Republicans thought it was time to adopt a tough policy with the Premier. So, a few days before Mr. Suhrawardy's return to Pakistan early in August, a whispering campaign was started against him. In this the Republicans were joined by other disgruntled elements, albeit for their own ends. Mr. Fazlur Rahman, who is the new Commerce Minister in the Chundrigar Cabinet, demanded Mr. Suhrawardy's resignation. There was an atmosphere of real crisis, and though, on Mr. Suhrawardy's return, it speedily subsided, his failure soon after to win over the Krishak Sramik Party's support for the Awami League, both in East Pakistan and at the Centre, emboldened the Republicans, who now tried to settle old scores. They demanded the resignation of the Governor of West Pakistan, Mr. Mushtaq Ahmad Gurmani, whom for some time they had been accusing of playing politics and siding with the Muslim League. They threatened to withdraw their support from the Central Coalition Government in case their demand was not acceded to.

The Republican move was well timed. It put Mr. Suhrawardy in a dilemma. If he were to give in there was no guarantee that the Republicans would be content with this success. If he were to defy the major coalescing party and lose its support, his own Awami League coalition in East Pakistan might fall. The reasons for such a repercussion were obvious. For if the Awami

League wished to retain power at the Centre it had perforce to seek coalition with the Muslim League in the National Assembly. In such an event the Hindus would not be happy to remain united with the Awami League in East Pakistan. This is believed to be the major consideration that made Mr. Suhrawardy agree to the demand of recalling the Governor of West Pakistan. On August 28 Mr. Gurmani tendered his resignation "as requested by the President acting on the advice of the Cabinet".

Without going into the charges and counter-charges against Mr. Gurmani, it cannot be gainsaid that his resignation has created a pernicious precedent, in that if a party in power declares a lack of confidence in a Governor he must be removed. Last April the Muslim League levelled similar charges against Mr. Gurmani, but the Central Cabinet took no notice of it.

Meanwhile the West Pakistan Assembly session was due to begin on September 14 and the Republicans feared that Mr. Gurmani's resignation might deplete their strength in the Assembly. Already a Central Minister, Sardar Amir Azam Khan, had resigned in protest against the Governor's forced resignation, and there was a distinct possibility that some provincial Ministers might follow suit. In such an event the Republican Ministry would certainly have been defeated. But this threat did not materialize, and the Republicans saved the situation for themselves by entering into alliance with the N.A.P.

The Constitution in Jeopardy

IT is incredible that in agreeing to the N.A.P. demand for the disintegration of One Unit, the Republicans failed to foresee the inevitable repercussions. We have seen in the previous issue of this magazine* how the N.A.P. was brought into existence. It was, to say the least, rash on the part of the Republicans to expect a favourable reaction from Mr. Suhrawardy after joining hands with those who had defected from the Awami League. And it really proved to be the turning-point in the Awami-League-Republican imbroglio, which materially contributed to the dissolution of their coalition at the Centre. But very much more than this, the anti-One-Unit deal threatened to put the whole constitution, so arduously and painstakingly framed, in jeopardy.

One Unit is a vital plank of Pakistan's constitution. The single-chamber legislature, equality of representation between the two wings in the National Assembly, the division of powers between the Centre and the provinces, recruitment to the higher cadre of State services and even the formulation of the Five-Year plan are based on the conception of only two provinces in the country. Any attempt to amend the constitution was fraught with utterly unpredictable consequences. What, for instance, would be the future of Bahawalpur State, the largest princely enclave in Pakistan? The merger agreement signed by the Amir of Bahawalpur with the Government of Pakistan clearly stipulated that, if the integration agreement failed or political parties succeeded in breaking up One Unit, the territories that constituted the State of Bahawalpur before the merger would revert to their constitutional

* See THE ROUND TABLE, No. 188, Sept. 1957, p. 395.

position before integration. It was, therefore, a very timely move on the part of President Iskander Mirza and Mr. Suhrawardy, who till then was the Premier, to make categorical statements that no amendment to the constitution could be contemplated until after the first general elections had been held. But these evoked hostile Republican reactions, and some Central Ministers publicly made controversial statements on the One Unit issue. What little hopes remained of an eventual Awami-League-Republican patch-up were thus dashed.

The tempo of further political complications quickened when Mr. Suhrawardy, during his whirlwind tour of the former Punjab province in the first week of October, uncompromisingly criticized the Republicans for their anti-One-Unit deal. The time for a showdown had come. On the return of Mr. Suhrawardy to the Federal Capital on October 10, the top-level parleys for a *rapprochement* between the two coalescing parties at the Centre proved sterile. The same day Mr. Suhrawardy advised the President to call a session of the National Assembly on October 24. Mr. Suhrawardy was still of the view that, notwithstanding Republican opposition to him, he enjoyed the confidence of the Assembly. But the President did not accept Mr. Suhrawardy's plea and instead asked for his resignation, which was tendered on October 11.

It will remain a debatable point whether it was right to deny the outgoing Premier the opportunity to ascertain whether he enjoyed the confidence of the National Assembly, but the President was technically and constitutionally correct* in asking for the Premier's resignation since the Republicans, the major coalescing party, had withdrawn their support. In the week that elapsed between Mr. Suhrawardy's resignation and the formation of the Chundrigar Cabinet all attempts to form a national government proved abortive. Mr. Suhrawardy was under no circumstances prepared to join a government of which he was not the head. For some time it seemed as if the new coalition would consist only of the Republicans, the Krishak Sramik and the Nizam-i-Islam. But a combination of all these parties would not have ensured a majority in a House of 80. The Republicans had, therefore, to seek the co-operation of another party in the National Assembly. For them the choice was either the Muslim League or the Awami League, and they cast in their lot with the former by agreeing to all their terms. At last a new government had been formed at the Centre.

It is difficult to say how long the present coalition will last and whether it will function smoothly. Though the Republicans have agreed with the Muslim League to introduce separate electorate throughout the country, the leader of the Krishak Sramik Party in the National Assembly, Hamidul Huq Chaudhry, the former Foreign Minister who refused to be a Minister in the Chundrigar Cabinet, has unequivocally stated his party's opposition to any

* It would appear that the constitutional convention developing in Pakistan differs considerably from that now accepted in the United Kingdom, where the power of the Sovereign to require the resignation of a Ministry has not been exerted since 1834 and would certainly not be invoked again if there were any doubt of its support by the House of Commons.—*Editor.*

PAKISTAN

such change. It is a permissible assumption that if the Muslim League refuse to compromise on the issue at least some members of the K.S.P. in the National Assembly will withdraw their support from the present coalition. In such an eventuality the present Cabinet will become even less representative of East Pakistan than it is now and may not survive.

There is no doubt that the Muslim League has shown a remarkable consistency in opposing joint electorate. But to open up this thorny issue now is to disturb the hornet's nest. It will only delay the elections, which have been formally announced for November 1958. All the progress so far registered in the delimitation of constituencies will be nullified, and it is doubtful whether this essential task will be completed in time, if it is to be carried out on the new basis of separate electorate. And any further postponement of elections will be a grievous blow to the prospects of democracy in the country.

Pakistan,
November 1957.

CANADA

THE QUEEN'S SPEECH

QUEEN ELIZABETH made history on October 14, when she was the first wearer of the British Crown to open a Canadian Parliament. Her Majesty delighted the members of both Houses of Parliament by her easy assumption of the rôle of Queen of Canada, whereby she fulfilled the aspiration of Sir John Macdonald that Confederation should produce a Kingdom of Canada. Their pleasure was shared by the overwhelming majority of the Canadian people, whose affection and respect she captured by her combination of youthful charm and regal dignity; and her acquisition in the years elapsed since her previous visit in 1951, as Princess Elizabeth, of an easier and friendlier poise in her public appearances evoked a warmer and more personal response from the public. In all her activities she was admirably supported by the Duke of Edinburgh, and there is now widespread agreement with the editorial verdict of the *Toronto Globe and Mail* that the Queen's visit to Canada has convinced a multitude of Canadians that "As an instrument of stability, as a symbol of the nation's life, the Royal person, above party and the passing concerns of controversy, has more value in this chaotic world than presidents and premiers."

The new Parliament is much more truly representative of the political sentiments of the Canadian people than any of its immediate predecessors, and promises to be a more interesting and efficient body than they were. Not for many a long day has the House of Commons shown such a near approach to parity in strength between the two senior parties: the Progressive-Conservatives, after the election of Mr. Roland Michener, a former Rhodes Scholar, as Speaker, number 112 and the Liberals 105, and the remainder of the 265 seats are held by 25 members of the C.C.F., 19 Social Crediters, and 3 Independents. The very weak representation of the Progressive-Conservative Party in the Senate has been lately reinforced by the appointment of 8 new Senators who are adherents of it, but their nomination only raises its total strength to 18, who will be faced with a serried phalanx of 78 Liberal Senators. Prime Minister Diefenbaker has decided wisely not to keep the Secretaryship for External Affairs in his own hands, and there is general agreement that he has strengthened his Cabinet by enlisting for it the services of Dr. Sidney Smith, who, as President of the University of Toronto since 1945, had become a distinguished figure in Canada's academic life. Dr. Smith is without political experience, but he has always taken a keen interest in public affairs; and his admission to the Cabinet is a belated gratification of political ambitions, which were revealed when in 1940 he encouraged consideration of his claims to the leadership of the Progressive-Conservative Party, then vacant.

The Speech from the Throne outlined a substantial program of legislation, mainly designed to implement pledges given in the recent election by Mr.

Diefenbaker and his party. It forecast increases in the scales of pensions paid to the aged, the blind and the disabled, and in the allowances of enfeebled war veterans; but the phrase "changes in certain of the statutes about taxation will be submitted for your approval" fell short of a definite commitment to fulfil a pledge to reduce income tax. Agrarian discontent is to be appeased by measures that will make available to the grain-growers of the prairies cash advances on grain stored on their farms and will aim to achieve greater stability in the prices of farm products. Parliament will be invited to authorize the creation, in co-operation with the governments of the Atlantic Provinces, of facilities for the production and transmission of cheap electric power in this region; and there was a special commitment to assist the provincial ministry of New Brunswick in financing an ambitious power development at Beechwood on the River St. John. A demand of the provincial Government of Saskatchewan for Federal support for a project on the South Saskatchewan, which would simultaneously irrigate a large tract of land and develop hydroelectric power, had been steadily rejected by the St. Laurent Ministry; but the Speech promised the immediate opening of fresh discussions about it, and also serious consideration of the merits of a scheme for power developments on the Columbia River in British Columbia. There was likewise an intimation that Parliament would have from time to time submitted to it projects for a planned national development, which would enable all sections of the country to share in the benefits accruing from the profitable utilization of dormant natural resources, and would be asked to consider measures for improving the efficiency of both its Houses.

Debate on the Address

IN the debate on the Address, Mr. St. Laurent, who will lead the Opposition until his successor is chosen, took a very moderate line in his observations about the Government's policies and, while he could not resist some gibes at its expense, promised to show an accommodating spirit about its legislation. The Prime Minister replied in a similar strain when he restated the ideals and practical aims of his Ministry. Mr. Fleming, the Minister of Finance, had discarded his original plan for submitting a special Budget and preferred to fulfil the Government's election pledges by amendments to the last Liberal Budget, whose final endorsement by Parliament had been prevented by the dissolution last April. But this move did not meet with the approval of the Opposition and, when Mr. Fleming moved for a further instalment of supply to carry on the business of government, he was subjected to severe criticism by several former Liberal Ministers; but they did not press their objections to a vote of non-confidence and the Government got its supply. But when the debate on the Address was resumed a more embarrassing issue for the Government was raised by Mr. Coldwell, the leader of the C.C.F., after he had commended it for its decision to increase old-age and other pensions.

The Prime Minister had announced the appointment of a Royal Commission, which was instructed to investigate Canada's natural resources in the form of oil, natural gas, coal, water power and uranium and make recom-

mendations for the most effective use of the country's supplies of energy, as the prelude to the establishment of a National Energy Board. But Mr. Coldwell, deriding this Commission as useless, challenged the Government to carry out its pre-election policy of nationalizing the transcontinental pipeline for gas. He quoted to the Prime Minister his descriptions of the promoters of the pipe-line as "buccaneers", of the Bill that authorized governmental support of it as "a nefarious deal" and of the whole scheme as "a ramshackle caricature of national development"; and he cited equally damaging quotations from the speeches of the Ministers of Finance and Public Works.

The opening debates in the House of Commons have increased the apprehensions of the Diefenbaker Cabinet and its supporters that its lack of a parliamentary majority will condemn it to a very uncomfortable existence and fortified their conviction that it should seize the earliest possible opportunity to seek a dissolution and appeal to the voters for the decisive mandate of a clear majority. But the Liberal Party has an equally strong motive for postponing a second general election. It has made arrangements to hold in Ottawa in mid-January a national convention for the purpose of electing a new Federal leader in place of Mr. St. Laurent and revising the party's program. The recognition of the international prestige of Mr. Lester Pearson, the former Secretary for External Affairs, by the recent award to him of a Nobel prize for his services to the cause of peace has enormously improved his chances of defeating Mr. Paul Martin and other competitors for the Liberal leadership; but whoever secures it will want time to impress the voters with his merits as a leader and to rebuild the organization of his party, which is in a battered state in certain sections of the country. One of its most serious weaknesses is in the largest Province, Ontario, where discontent with its meagre representation in the provincial legislature has come to a head in a revolt against the leadership of Mr. Farquhar Oliver, whose attempt to suppress it by withdrawing the party whip from two rebellious members has not brightened his prospects of survival.

Accordingly, the parliamentary strategy of the Liberals will aim at giving the Government no excuse for seeking a dissolution; and they will have the co-operation of the C.C.F., who do not want a second election in the near future because their funds are exhausted.

Economic Recessions

BUT the ardor of the Progressive-Conservative Party for an early second election may be cooled, if the economic recession, which is being foreshadowed by the sharpest slump in the Canadian stock markets for a long period, gathers momentum during the winter. A recent report of the Bureau of Statistics, which revealed that in the second quarter of 1957 the physical volume of Canada's gross national production had fallen below the level of the first quarter, indicated the first pause in the progressive expansion of the economic activities of the Canadian people since the middle of 1954. It is now evident that the development of what are called the extractive industries has proceeded at too rapid a pace for the profitable absorption of their

mounting production in the available markets. The supplies of minerals like nickel, copper, lead and zinc are today well in excess of the present demand for them, and in September, as the result of a curtailment of orders from the United States, the newsprint industry only operated at 91·1 per cent of its rated capacity, which was about 10 per cent below the comparable figure for March, 1958. The western wheat crop of 1957 is 37 per cent smaller than the crop of 1956, but the problem of the tremendous glut of unsold wheat remains unsolved and the decision of the Government to make cash advances on wheat, which has to be stored on farms because the clogged elevators cannot accept it, will only effect a partial reduction in the inevitable decline of rural purchasing power in the prairie country. The lumber industry in British Columbia is in serious difficulties as the result of a shrinkage in both domestic and foreign sales; and the disclosure that the steel industry in the third quarter of this year had reduced its operations to 89 per cent of its capacity, as compared with 97 per cent in the parallel quarter of 1956, indicated a decline in industrial production, of which confirmatory evidence is being supplied by recent substantial lay-offs of workers by manufacturers in Eastern Canada. As a result the forecast about the number of people who will be unemployed at midwinter has now risen to three-quarters of a million. Now the Canadian people, after a decade of abnormal prosperity, rising wages and salaries and nearly full employment, will not take kindly to the harsh impact of a depression; and when the Liberals and the C.C.F. proceed, as they will, to recall that a calamitous depression prevailed during most of the last Tory administration, which lasted from 1930 to 1935, and to argue—quite unfairly—that the return of the Tories to power will always produce a depression, it will be hard for Mr. Diefenbaker and his colleagues to secure from the victims of the depression a sympathetic hearing for their plea that the policies of the Liberal Party were responsible for the setback in prosperity. So they may decide that their wisest course will be to carry on the government without risking an appeal to the voters, in the hope that an upturn in economic activity next summer will create a political climate more favorable to their prospects of winning a decisive mandate; and the Liberals, who will be averse from taking office during a depression, will be content to leave the problem of coping with it in their opponents' hands.

The economies of Canada and the United States are nowadays so closely intertwined that the maintenance of prosperity for Canada depends in a large degree upon satisfactory economic and other relations with her mighty neighbor; therefore considerable importance was attached to the third meeting, held in Washington early in October, of the so-called Canadian-American Cabinet committee, which is charged with the task of periodically examining problems affecting the economic relations of the two countries and devising solutions for them.

Wheat and the United States

AT this conference Canada was represented by her Secretary for External Affairs and the Ministers of Finance, Trade and Commerce, and Agriculture. Apparently they had with their opposite numbers in the Eisenhower

Administration harmonious discussions, which lasted two days. At the moment Canada's greatest grievance against the United States arises from the latter's grain-marketing policy, which through transactions of barter and bargain-counter sales has deprived Canada of former markets for her wheat and aggravated her difficulties about finding outlets for the disposal of her huge surplus. New regulations adopted last June by the United States Government had virtually ended the barter deals, and the Canadian Ministers were given an undertaking that their enforcement would continue and that hereafter in its policy for the disposal of surpluses of farm products the United States would interfere as little as possible with the normal processes of commercial marketing. The official *communiqué* issued after the conference made no mention of Mr. Diefenbaker's aspiration to divert to Britain 15 per cent of the imports Canada now secures from the United States, but it is understood that the Eisenhower Administration received explicit assurances that no drastic measures, such as a wide enlargement of the system of trade preferences inside the British Commonwealth, for the exclusion of American exports from Canada, were contemplated at Ottawa. The Canadian Ministers also intimated that they had no desire to discourage the inflow of American capital into Canada for investment, but they urged that all American companies operating in Canada should cultivate closer relations with the Canadian public, which would be mutually beneficial, by such methods as offering facilities, now rarely available, for Canadians to invest in and derive profits from enterprises in Canada now controlled by American interests.

The Thorneycroft Plan

THE issue of the future policy of Canada about trade, which has been quiescent for many years, has been revived in acute form by Mr. Diefenbaker's moves for changes in it, and will provide material for controversial debates during the session. Undoubtedly the decision of the British Government to respond to Mr. Diefenbaker's project, announced in London last June, for diverting to Britain 15 per cent of the annual inflow of imports from the United States into Canada by proposing a complete free-trade union between the United Kingdom and Canada staggered the Canadian Government. It is an open secret in Ottawa that its trade and financial experts shared the view of similar officials in Britain that the commitments of Canada and Britain as signatories of the General Agreement on Trade and Tariffs made it impossible to switch 15 per cent of Canada's import trade without serious violations of provisions of G.A.T.T., but offered no obstacles to a free-trade union. But there was an element of hypocrisy in the pretence of Mr. Fleming, the Canadian Minister of Finance, that Mr. Thorneycroft's announcement at the initial press conference at Mt Tremblant of his intention to propose the free-trade union had taken him by surprise, because some weeks previously full warning of it had been conveyed to the Canadian Government by Mr. Heathcoat-Amory, the British Minister of Agriculture, during a visit to Ottawa, and forecasts of it had appeared in British and Canadian papers.

However, the accusation was freely made in Canada that, since Mr. Thorneycroft must have known that no Canadian Government could accept

the proposal for a free-trade union, his offer of it was a purely political move, designed to silence British critics of the Macmillan Ministry who were opposing its negotiations for the partial adhesion of Britain to the scheme for a European common market and free trade area on the ground that such an entanglement was bound ultimately to weaken Britain's ties with the rest of the Commonwealth. The *Toronto Globe and Mail*, which is a strong supporter of the Diefenbaker Ministry, denounced Mr. Thorneycroft as a mischief-making blunderer.

The conference at Mt Tremblant between delegates representing eleven members of the Commonwealth made possible a profitable preliminary exploration of their trade relations, and produced a unanimous agreement that they should be the subject of an exhaustive conference at a higher level at some convenient time and place to be fixed later. It was followed by a bilateral conference at Ottawa between British and Canadian Ministers, which met under the shadow of a flood of denunciations of the plan for free trade by leaders of Canadian industry and business in their replies to a questionnaire addressed to them by the *Toronto Globe and Mail*, and editorial protests by influential French-Canadian papers like *La Presse* and *Le Devoir* of Montreal, that Mr. Diefenbaker's policies about trade indicated the revival of a "detested imperialism".

Mr. Thorneycroft, in outlining his plan for a free-trade union, emphasized that he only contemplated its full achievement by progressive reductions of tariff barriers spread over a period of between 12 and 15 years, and declared that in view of the formidable difficulties about its consummation, which Mr. Fleming had pointed out, he did not expect any immediate statement of the views of the Canadian Government. There was a frank discussion of the possibilities of an expansion of Anglo-Canadian trade, and the official *communiqué* issued after the conference committed both Governments to make it "a primary policy". The other practical fruits of the Ottawa conference consisted of three explicit undertakings by the Canadian Government. It promised a careful review of the purchases made by the Department of Production and by Crown Corporations like Trans-Canada Airlines and the Polymer Corporation, for the purpose of ascertaining what proportion of such purchases now made from foreign sources could be diverted to sources inside the Commonwealth, and to consider an enlargement of the exemption of \$100 from customs duties now allowed on purchases made by Canadians who had travelled oversea. But the general impression is that the results of these two reviews will bring only a meagre enlargement of Britain's export trade. For example, in 1956 Canada imported from the United States 40 million dollars' worth of war materials, of which a considerable proportion could not have been procured elsewhere; and any cut in these purchases from American sources would probably be countered by a reduction of the reciprocal purchases by the United States of war supplies from Canada, whose value in 1956 amounted to 42 million dollars.

Canada,

November 1957.

AUSTRALIA

SOUTH PACIFIC COMMISSION

TEN years have passed since the establishment of the South Pacific Commission. In 1947, by the Canberra Agreement, the Governments of Australia, France, the Netherlands, New Zealand, the United Kingdom and the United States brought into being a new international organization to act as a consultative and advisory body in promoting the economic and social advancement of the peoples of the South Pacific Territories. The activities of those ten years have been recently reviewed by a conference of representatives of the participating governments held, on the invitation of the Australian Government, in May last in Canberra.

The work of this Commission, in which three members of the British Commonwealth take part, is not so well known as it might be; and the review recently made by the governments concerned provides a convenient occasion for an account of its activities, and an assessment of its present position and direction.

The South Pacific Commission was established largely as a result of Australian and New Zealand initiative. As early as the Canberra Conference of January 1944 these two countries had declared their desire to set up a South Seas Regional Commission. At the Conference of British Commonwealth Prime Ministers in 1946 it was agreed in principle that such a regional body should be established and that Australia and New Zealand should convene a conference in Canberra for that purpose. In September 1946 the Australian Government, on behalf of itself and the New Zealand Government, issued invitations to the Governments of France, the Netherlands, the United Kingdom and the United States, all of which had territorial responsibilities in the South Pacific, to send delegates to a Conference. The invitations were accompanied by a Note which indicated that the Conference would be concerned with territories south of the equator and eastwards from and including New Guinea. The note also indicated that it was the understanding of Australia and New Zealand that the Commission to be set up would have no powers in relation to political matters or questions of defence or security. This last limitation has at no stage been departed from, and neither the South Pacific Commission nor any of its associated bodies have had any responsibilities in the political or defence fields.

All governments accepted the invitation and the conference assembled in Canberra on January 28, 1947. Its outcome was an agreement to establish the South Pacific Commission.

The Australian Government and people had their interest in the area awakened by the events of the war, by the New Guinea campaigns and the battles of Guadalcanal and the Coral Sea. In the war-time and post-war years the area appeared to be of great strategic importance to Australia. It became an ingredient in Australian foreign policy to endeavour to ensure that as the

AUSTRALIA

dependent territories in the area approached self-government or independence they would be friendly to Australia and not fall prey to the type of propaganda, inimical to Australian interests, likely to be spread among them. The Australian Government therefore took the view that the setting up of a regional body concerned to foster the welfare and development of the peoples of the area, but having no interest in political matters or defence, would be not only a development in line with modern policies towards dependent areas but also sound from the Australian point of view. The Australian attitude was a genuine welfare view.

Within the Australian governmental structure the real interest in the venture was in the Department of External Affairs and not in the Department of External Territories. The Australian Department of External Affairs, supported by its New Zealand counterpart, was responsible for pressing the project to finality. It faced no opposition from the other metropolitan powers, but it cannot be said that the new body grew out of any spontaneous enthusiasm on their part for international co-operation in the area.

Constitution and Functions

THE discussion at the Conference resulted in an agreement based upon the following decisions:

- (a) The Commission, which was to consist of not more than twelve Commissioners, two from each government, was to be consultative and advisory to the participating governments in matters of social and economic development.
- (b) It was to study, formulate and recommend measures for the development of the economic and social rights and welfare of the inhabitants of the territories within its scope, particularly in respect of agriculture (including animal husbandry), communications, transport, fisheries, forestry, industry, labour marketing, production, trade and finance, public works, education, health, housing and social welfare.
- (c) It was to provide for and facilitate research in technical, scientific, economic and social fields in the territories and to ensure maximum co-operation and co-ordination of the activities of research bodies.
- (d) It was to make recommendations for the co-ordination of local projects in any of the fields previously mentioned which had regional significance and for the provision of technological assistance not otherwise available to a territorial administration; it was also to provide technical assistance, advice and information (including statistical and other material) for the participating governments.
- (e) It was to give early consideration to the projects set forth in a resolution of the South Seas Conference relating to important immediate projects. These projects, set out in a long resolution, ranged over the fields of agriculture, economics, education, social development, fisheries, forestry, health and medicine, labour and library facilities. Its purpose clearly was to give guidance to the new body sufficiently detailed and practical to indicate the urgent and realistic nature of its task.

(f) A Research Council was established and provision was made for a South Pacific Conference, advisory to the Commission. The latter was to enable representatives of the local inhabitants and of official and non-official institutions in the territories to be associated with the work of the Commission.

(g) The chief full-time officers of the Commission were to be the Secretary General, Deputy Secretary General, Deputy Chairman of the Research Council and three executive members of the Research Council, specializing respectively in the fields of health, economic development and social development.

(h) The participating governments were to share the expenses in varying proportions. Australia, as the government carrying the main initiative, undertook the heaviest burden, namely 30 per cent; the Netherlands, New Zealand and the United Kingdom were each to contribute 15 per cent and France and the United States each 12½ per cent.

(i) The permanent headquarters of the Commission was to be located in one of the territories within its scope at a place selected by the Commission.

It is clear enough that it was the intention of the governments concerned to bring into being a body with immediate tasks to perform, with highly qualified executive officers to supervise the performance of those tasks and with a direct and close contact with the actual territories and their peoples. The fields of work for the Commission, outlined in the Agreement, were on the face of them obviously ambitious, but, over the years, the work programme has been more and more restricted in order to make it more "practical" and more acceptable to the local administrations. This restrictive approach is reflected in the Review Conference held this year.

Headquarters and Staff

AT the outset there was some difference of opinion as to the location of the Headquarters of the new body. Some thought that such Headquarters should be in a metropolitan centre, such as Sydney, where it would be close to centres of research and academic institutions. Those who took this view believed that Sydney was indeed more central for all territories than any township within the actual area of the Commission, bearing in mind the vast distances and inadequate communications and that the proximity of other research centres and the amenities of a large city would enable suitable executive and research officers to be recruited for service with the Commission. However, the other point of view prevailed, largely on the ground that the location of the Headquarters in the area itself should symbolize the direct participation of the Commission in the welfare and development problems of the area. The agreement therefore provided for a Headquarters within the area; and the Commission finally selected Noumea in preference to Suva. The provision of the agreement dealing with the matter of Headquarters has never been changed and was not the subject of any decision by the recent Review Conference.

However, it must be a matter of some doubt whether the correct decision

AUSTRALIA

was made. It has proved to be very difficult to find and keep highly qualified staff for the important executive and research jobs. The tendency has been not to develop a career service within the Commission but to appoint persons for short terms who were making a career elsewhere.

There have, for example, been three Secretaries General in nine years, and another is being sought at the moment. For as long as the Headquarters are in the Islands this situation will continue, and senior officers will probably be unwilling to stay long enough to make the most effective contribution. Good men will be available, if at all, only for short terms.

The South Pacific, for the purposes of the South Pacific Commission, covers a vast area—7,000 miles by 3,500 miles. This area consists almost entirely of the great stretches of the Pacific Ocean, scattered through which are sixteen territories administered by the governments participating in the South Pacific Commission. There are about three million indigenous inhabitants of Polynesian, Micronesian and Melanesian stock, and in addition large colonies of Indians and Chinese. The biggest concentration is in New Guinea. Included in the area are Dutch New Guinea in the west and French Oceania in the east. In the north are Guam and the United States Trust Territory, which includes the Caroline, Marshall and Mariana Islands. These were added to the area of the Commission some time after its establishment. The other Trust territories in the area are Australian New Guinea and Nauru (administered by Australia) and Western Samoa (administered by New Zealand). Visiting missions from the United Nations inspect these Trust Territories from time to time. The other territories receive international attention because Chapter XI of the United Nations Charter applies to them and information is transmitted on economic, racial, educational conditions. Dutch New Guinea has, because of Indonesian claims, been the subject of considerable international discussion.

International Interest

THE South Pacific area and its dependent territories have accordingly ceased to be isolated and outside the stream of international interest. The communist and anti-colonial powers in the United Nations may be relied upon to develop more and more interest in what is happening in this area. However, the administering authorities have not, by comparison with the problems in Africa and other parts of the world, difficulties of a serious political character in carrying out their responsibilities in the South Pacific. They all have excellent opportunities of showing what can really be done, by modern colonial methods and policies, to develop the territories in the Pacific in the interests of their indigenous inhabitants. There is, of course, a growing feeling in the western world that the west must bear a substantial burden in assisting under-developed areas. In the current world struggle what is done by Western powers in this field will be scrutinized closely by the new independent countries of Asia and by the Communist *bloc*. It is in this context that it is necessary to consider whether or not the ten years of development in the South Pacific Commission constitute an advance in

International co-operation for the welfare of the Pacific Islanders and to assess the restrictive decisions of the Review Conference of 1957.

The Commission has held sixteen plenary sessions. The Research Council has met several times. There have been three South Pacific Conferences each attended by native delegates from the various territories who discussed and passed many resolutions on matters of interest in the area. These Conferences appear to have been successful and have given an opportunity to the scattered peoples of the South Pacific to meet together, to appreciate their various points of view and to see what interests they have in common. The discussion has been frank and relatively free from the influence of officials of the territorial administrations and has shown what interests the people of the area.

The work of the Commission has not been the subject of much critical attention. In Australia there has been very little discussion of its work and problems, but the impression exists in some quarters that Australia has lost a great deal of the initiative that she showed at the beginning. The first Secretary General, Mr. W. D. Forsyth, a career diplomatist in the Australian Department of External Affairs, remained with the Commission long enough to set it upon its course. The later Secretaries General have not been Australian, although it had been originally hoped that Australia would be able to find and be entitled to nominate the Secretary General because of her large financial contribution. However, Australia has had difficulty in finding suitable candidates and has not resisted the notion of rotation amongst the governments concerned in appointment to the office. So far as can be seen from the published material the Australian Commissioners have not assumed any role of leadership commensurate with the Australian financial contribution.

The main activity of the Commission has been to develop a work programme. It had received some guidance from the Canberra Conference in 1947 as to the lines of that programme. Between 1951 and 1953 the work programme had consisted of forty-three projects in the fields of health, economic and social development. In 1953 the Commission revised this programme and decided that it should concentrate on outstanding needs and opportunities instead of diffusing its efforts over a wide field. It resolved that its projects should show promise of making "a fairly rapid, effective contribution to one or more of the following objectives:—

- (i) increased production of goods and services by the inhabitants of the region;
- (ii) increased efficiency of the inhabitants in their life and work;
- (iii) increased participation by the inhabitants in the life and development of their communities."

It is not possible to deal in detail with the actual projects undertaken. Work has been done in the fields of health education, nutrition, mosquito-borne diseases, the expansion of cocoa, coffee and rice production, fisheries, the coconut industry, plant introduction, pests and diseases, pastures and livestock and other matters. In the field of social development projects have been designed to assist member governments and territorial administrations

AUSTRALIA

by devising and testing educational techniques, studying and aiding vocational training, community development and native co-operatives. A South Pacific Literature Bureau has been established to encourage production of suitable reading material, prepare model textbooks, prepare specimen follow-up material for mass literacy campaigns and for other like purposes.

A Changed Approach

THE Review Conference held in Canberra this year was characterized by a desire to limit and confine the Commission's activities and to limit its finances. The decisions made included the following :

- (i) The fields of work outlined for the Commission in Article IV, para. 6 (a) of the 1947 Agreement should be regarded as illustrative rather than mandatory. (It was of course the original specification of these wide fields of work that promised to make the Commission a really important welfare and research body in the area. This decision, in effect, set aside the original statement of intent. Other decisions made clear the nature of the restrictions envisaged.)
- (ii) The work programme should be concentrated upon a limited number of activities of practical value to the territories.
- (iii) The Commission should, in general, refrain from engaging in basic scientific research.
- (iv) The work programme should emphasize projects of applied research, technical assistance and the dissemination of technical and other information adapted to the practical needs of the local administrations.

The whole approach of the Commission was shifted from one of direct interest in the welfare of the native peoples and their development socially and economically to one that would ensure that this interest of the Commission produced results congenial to the local administrators.*

The conference endeavoured to economize by reorganizing the Research

* Examples of this new approach are to be found in the following decisions :

- (i) Projects should be conceived in close co-operation with the territorial administrations and in such a manner as to stimulate and retain interest in the success of the project on the part of the territorial administrations and, in so far as possible, of the local population.
- (ii) While responsibility for planning the work programme should rest upon the Secretary General and Executive Officers, both participating governments and territorial administrations should exercise initiative in suggesting projects for inclusion in the programme.
- (iii) The activities of the Commission as a clearing house of information should be so conducted as not to prove burdensome to territorial administrations through requests for special reports.
- (iv) The Commission should periodically re-examine, in co-operation with the territorial authorities, the usefulness of all its publications and ways in which the presentation of the information contained therein can best be adapted to the needs of the territories.
- (v) The conference pointed to the desirability of having territorial personnel as Commissioners and on the Research Council.
- (vi) The conference looked to the establishment of an effective working partnership between the territorial governments and the Commission.

Council, deciding that vacancies in the positions of Deputy Secretary General and Deputy Chairman of the Research Council be not filled, by directing economies in the work programme and the existing organization and by fixing a ceiling on expenditure from contributions by participating governments for the next three years at the existing levels.

These decisions were adopted unanimously as recommendations to the government concerned. The conference expressed its view that the Commission was valuable as an advisory and consultative body and as a means of inter-governmental co-operation, but was of the opinion that there should be some redirection of effort and revision of method along the lines set out above.

It is of the greatest importance, bearing in mind that activities affecting dependent areas receive constant international attention, that the Commission should retain the enthusiasm of its original conception, that it should not be susceptible to attack as mere "window-dressing", that governments should do more than merely keep it alive though relatively insignificant in the area's affairs, that real effort be made to get the best men, dedicated to this kind of work, and to keep them. Although the support of territorial administrations is desirable and indeed necessary, such a body cannot be run cheaply as a mere appendage of the various local administrations accepted by them because it causes them no difficulties in the welfare and development fields. It can be useful and significant only if it is a real international venture stimulating activities that may not otherwise take place or may be long delayed.

Australia,
November 1957.

NEW ZEALAND

STATE OF THE ECONOMY

THE Budget Statement and the Annual Economic Survey were issued towards the end of July. The former was awaited with even more interest than usual, not only because it was hoped that it would give a preview of the competitive bidding of the forthcoming election, but also because of the expected introduction of "Pay as You Earn" as a method of collection of income as well as social-security tax.

In the matter of pre-election inducements the Government exercised more commendable restraint than many would have wished, but the individual taxpayers heaved a sigh of relief when it was found that more taxation was excused under P.A.Y.E. than many had feared, and all was excused that could reasonably be expected.

To avoid a deterrent to investment by oversea companies in New Zealand, liability for social-security taxation on debenture interest held by such companies is to be removed. At present income tax is charged on debentures held abroad at 12s. in the £, adjustments being made if the proper rate of tax to the particular investor is less than 12s. This troublesome procedure is to be amended by striking the appropriate rate in the first instance.

The main concession affecting local taxpayers is an increase in the rebate on income tax of from 10 per cent to 25 per cent with a maximum of £75. This will cost £5·9 million. Reductions in land tax, estate duty and lottery duties, and exemption allowances for accident insurance premiums and for superannuation schemes by the self-employed, bring the total tax relief to £6·5 million or about 3·7 per cent of estimated tax collections.

Liberalization of old age, widows and war pensions and invalidity pensions for the blind are expected to cost £2·2 million a year, bringing the total concessions to £8·7 million. This must be measured against an estimated increase in tax receipts into the Consolidated Fund over last year, after concessions, from £172·6 million to £175·3 million and in total revenue from £206·3 million to £209·8 million. Receipts into the Social Security Fund are expected to rise from £75·9 million to £79·9 million, and expenditures from £75·6 million to £79·8 million.

The current estimates illustrate the extreme difficulty of avoiding a surplus on public current accounts when national money incomes are rising as a result of increased production *cum* inflation. It is true that last year ended with a deficit over the whole of the public accounts of £3·8 million, or about 1 per cent of government expenditure; but this resulted from a deficit of some £7 million in loan and other accounts for capital works, especially the National Roads Fund, the Land Settlement Account, the Electric Supply Account and the Working Railway Account. The Consolidated Fund and the Social Security Fund still showed a combined surplus of over £3·5 million.

An appendix to the Budget Statement reminds electors that since 1950 the Government has made concessions amounting to £60 million per annum on the current level of incomes. Despite these concessions there have been recurrent surpluses on current account. Notwithstanding a considerable increase in tax revenue, including social-security tax (from £168·6 million in 1950-51 to £252·9 million in 1957), the proportion of taxation to national income has not changed a great deal in recent years, and continues to run at about 29 per cent.

Since high tax revenues and expenditure have been the result of expanding income and achieved in spite of a trend towards lower tax rates, the fairly constant ratio of the total to national income causes groaning over the high tax burden to have a somewhat artificial ring. This is consistent with the view that some forms of taxation, for example on companies, warrant attention as possible deterrents to enterprise, or as being passed on and raising the cost of living. The Government has yielded to persistent representations by agreeing to initiate an inquiry into allowances for depreciation.

P.A.Y.E., which already applies in large measure to social-security taxation, is to be introduced on April 1, 1958, to cover income tax as well. It will apply to farmers, private businesses and the professions as well as to wage and salary workers. The self-employed groups will pay in three instalments during the year. New companies will come under the scheme in respect of profits, but not existing companies. Administrative requirements are simplified by exempting some 450,000 wage and salary earners receiving not more than £1,040 per annum from filing returns (though not from taxation). Various exemptions have also been made for the same purpose. The total cost to the budget of concessions made in the interests of administrative simplicity will be about £4·5 million per annum. But except for these, the introduction of P.A.Y.E. has not been used as the occasion for tax relief or changing tax distribution.

Subject to "appropriate safeguards" the liability for all income tax (other than of existing companies who do not come under the scheme) for the 1958-59 tax year will be waived. It seems a safe forecast that in the general election campaign the Labour Party will offer a larger concession on the introduction of P.A.Y.E., larger rebates on income tax, larger child allowances and larger provisions for old age.

The Economic Survey

THE Economic Survey is a lucid account of the state of the economy. It exposes three major sets of problems affecting the country, as they arise from existing and prospective conditions in world markets, the requirements for economic development and the control of inflationary pressures. These, of course, are closely inter-related, both in respect of past trends and of the requirements for and effects of future growth.

During the post-war years, the country has enjoyed the exhilarating effects of rising export prices, expanding export production and buoyant markets, and, notwithstanding higher prices for imported items with their upward pressure on costs, there has been a significant improvement in the terms of

trade. In 1956, despite some deterioration from the position in the previous two years, a unit of exports still exchanged for 20 per cent more imports than in 1948.

These favourable conditions have been the major stimulants to economic optimism and provided a congenial climate for the expansive mood of the post-war years. Internally the accelerated tempo of economic development, as reflected for example in the increased proportion of national income going into investment, has combined with these and other factors to induce the inflationary fever, which caused the retail price thermometer to rise by a simple average of 6 per cent per annum over the period 1947-56. The corresponding increase in minimum award rates of wages was a little over 7 per cent. A faster natural increase in population, a much larger injection of immigration than before the war, doses of new technology and the maturing of potentialities for applying them (for example in aerial top dressing, manufacturing industries, timber utilization and the use of geothermal power for generating electricity) have been among the complex of causes requiring more investment. At the same time, demands for higher levels of consumption while preserving the forty-hour week have contributed to the pressures, especially when associated with overtime at higher rates. Total output, and especially output per head, have warranted the prevailing economic *élan*. The volume of farm production was 40 per cent higher in 1955-56 than in 1938-39 and 25 per cent higher than in 1947-48. The corresponding increases in factory production were 150 per cent and 57 per cent, and in total national output of goods per head 27 per cent and 15 per cent respectively.

Economic Rashes

NEVERTHELESS, although New Zealand is no longer an infant, or even a pioneering adolescent, the body economic has not been free from growing pains, and suggestions of economic acne. While the position has never been serious, certain irritating economic rashes have emerged: recurrent balance-of-payments difficulties, the never-ending chase of wages after prices, difficulties in filling internal loans, scarcity of houses, hospitals and schools, growing traffic congestion in the cities, rationing of electric power, shortages of labour, and in the building trades especially, at least allegedly, some falling off in craftsmanship through dilution.

The Survey gives a useful statement on world economic conditions, on the proposals for a European Economic Community and Free Trade area, and on recent trade negotiations with the United Kingdom, which confirm the accounts given in the last two issues of THE ROUND TABLE. The chilling export breezes have repeated, in milder form, the shock at the time of the Ottawa Agreements and confirmed (what has of recent years largely been placed in the unpleasant background) that a limitless and expanding market in the United Kingdom is no longer one of the facts of life.

Last year the terms of trade moved against us by about 4 per cent, because of both a fall in export prices and a rise in the price of imported items. But the value of exports reached the record total of £275 million, our balance of payment improved, and foreign exchange assets increased from £100 million

in May 1956 to nearly £110 million in May of this year. Nevertheless the Survey issues a salutary warning against being complacent over future market prospects. A loss in the Dairy Industry Trading Account on butter and cheese during 1956-57 of the order of £8-9 million, and the announcement in August that the guaranteed price will be reduced by about 3 per cent, gave point to the warnings. So also do increases of 12½ and 15 per cent in outward and return freights respectively.

Ottawa and Alternative Markets

APROPOS of the European Economic Community, the Minister of Agriculture recently noted that Western Europe is the main market outside the United Kingdom, and added: "Our prospects in these countries are a little obscure. I am not going to say whether they are good or bad." This generally shared agnosticism causes eyes to be turned more longingly to market prospects elsewhere.

Given improvements in packing and merchandizing, the Director of Agriculture reports good prospects of expanding meat markets in the United States, but public discussion has been mainly on the possibility of developing trade with Asian countries, particularly Japan. Japan is a large buyer of wool, skins and hides, but it is only this year that there are prospects of really significant exports in meat, which are expected to be between 10,000 and 15,000 tons. In the past lack of direct shipping has been an obstacle and the announced decision of the New Zealand Meat Board to arrange six-weekly refrigerated sailings greatly improves trade prospects. Wool exports to Japan also seem likely to increase.

In order to strengthen New Zealand's bargaining position with prospective customers a revision of the Ottawa Agreement is regarded in many quarters as overdue, and discussions will take place next year. The bearing of such discussions on trade with Japan looms large, but the Government has given assurances that New Zealand manufacturers will be adequately safeguarded against Japanese imports.

Typically, the value of exports is some 30 per cent of national income. According to the official classification only about 18 per cent of imports by value were consumers' goods in 1955, the rest being capital goods, producers' materials, fuel oils and other aids to production. A continued growth of exports is therefore necessary to provide capital goods for development and requirements for production for the domestic market. The alternative of substituting domestic production of some of these requirements for imports must also be sought, but is a difficult problem. Main reliance must for long continue to be placed on exports of the traditional grass-land products.

As a rule of thumb, a growth in export income *pari passu* with population growth is a commonly accepted object if real income per head is to be sustained. A projection of a cumulative annual increase in population of 2 per cent, which is below the average of the past five years, would raise the population from 2,220,000 in March 1957, to 3,300,000 in twenty years and nearly 4½ million in thirty-five years. While population forecasts are notoriously uncertain, it seems safest to posit development problems on

some such assumptions pending evidence of changes in population trends. They provide further warrant for the search for markets, the continued efforts toward technological improvements through research and extension services in the primary industries, the exploration of new industrial potentialities, and concern over inflationary cost increases which prejudice the position of export industries.

New Zealand has considerable deposits of iron sand and other iron ores. Investigations in the 'thirties pointed to technical difficulties in smelting, the small size of the domestic demand and remoteness from world markets as obstacles to establishing an economic industry. Research at Victoria University College has overcome the technical problems and there has been a considerable growth in domestic demand. These changes warrant an independent economic enquiry to determine whether it would be in the interests of the economy as a whole to proceed with development.

Some two years ago, uranium deposits were discovered in the Buller Gorge in the South Island. The report of an expert from the British Atomic Energy Commission appears to be promising, and there is the prospect, still shadowy, of joint plans between the United Kingdom and New Zealand Governments for development and marketing.

Inflationary Pressures

THE Survey describes various measures to curb inflation since 1955, including increases in trading bank rates, regulations affecting hire purchase agreements (since relaxed), capital issues control and the "credit squeeze".

Evidence of the slowing down of inflation is shown in a decline in overdrafts, a reduction in the volume of consumer spending (offset, however, by some increase in prices), a reduction in private imports, the improvement in the balance of payments and some easing of the demand for labour. By comparison with the previous year, private investments in 1955-56 were virtually unchanged, but public investments increased the total from £212 million to £221 million. This remained at 23 per cent of gross national product. The consumer price index rose by 2.8 per cent last year as against 3.5 per cent the previous year. The index for the September Quarter 1957 is less than 1½ per cent higher than a year earlier. Wholesale prices were only slightly higher during the first quarter of 1957 than a year earlier. This was due mainly to an increase in prices of imported goods. Reported job vacancies were still 17,500 in April as against 22,500 a year earlier, so that there was still over-full employment.

For the year ended March 1957 the volume of money fell by only £2 million despite the credit squeeze, by comparison with an increase of £10 million in the previous year. In July, however, the volume of money was higher by £11.5 million than a year earlier.

How to enjoy continued economic development without inflation remains the unresolved question. Since 1951-52 gross capital formation has exceeded 20 per cent of gross national product. The total of £221 million for 1955-56 was made up of £120 million of private investment, £67 million by the central government and £26 million by local authorities. Private buildings

accounted for £66 million. The Minister of Finance noted in the Budget statement that one in four homes in New Zealand has been built during the past nine years.

The Budget announced a capital programme of £84 million (including advances to the State Advances Corporation for houses and farms of £9 million) as against £78·7 million projected in the previous budget. The programme includes £25·5 million for Electric Power, £10 million each for land settlement and State housing construction, £8·8 million for national roads, £8·5 million for railway improvements, £7·5 million for educational buildings and £6·2 million for telephone and telegraph extensions.

The development of electric power will for many years create the major single demand for capital. A report issued in June proposed an ambitious programme of expansion till 1970, which is not, however, markedly larger than over the past thirteen years. The objective is to double the output per head (allowing for population increases) by increasing the kilowatt-hours from 4,967 million to 12,957 million (or 160 per cent) as against an increase from 2,170 million Kwh in 1944 to 4,967 million Kwh in 1957 (or 130 per cent). In 1954 domestic consumption accounted for 66·5 per cent of the total, which is unusually high by international standards. Despite the rapid expansion of recent years there have been recurrent shortages. Main reliance will still be on hydro-electric power, supplemented by the use of geo-thermal power and coal. It is deemed wise to defer consideration of the use of atomic energy until technical improvements make it economical by comparison with hydro-electric power. Fuller scope for the production of hydro-electric power in the North Island is limited, but two-thirds of the population live there. It is proposed therefore to develop the large resources of the South Island and link the North Island by means of marine cables across Cook Strait, which now appears to be feasible.

The capital cost until 1970 is estimated at £235 million—an average of £18 million a year, which would be about 11 per cent of estimated *net* capital formation in 1955–56. The import content of the capital required would average about £8 million a year at present prices.

The funds are to be found through some readjustment in the finances of the State Hydro-Electric Department, by remitting taxation previously imposed on net profits, increasing bulk charges by 40 per cent and charging interest on works in progress to revenue instead of to capital account at compound interest. After allowing for all of these, borrowing from the National Development Loan Account would probably be about £130 million instead of about £190 million. Hence an average of over £10 million loan moneys will still be needed each year till 1970, at present level of costs.

The balance-of-payment problem raises the issue of borrowing abroad. Since such borrowing is a controversial matter the Economic Survey approaches it with extreme caution.

Retirement of the Prime Minister

EARLY in August the Prime Minister, Mr. S. G. Holland, announced his intention to retire from politics, and nominated Mr. K. J. Holyoake,

NEW ZEALAND

Deputy Prime Minister, as his successor to lead the National Party. He considered that he should resign rather than face the possibility of ill health over the next Parliament, a step which has been appreciated as wise and self-denying. His retirement took effect on September 20.

He was born in 1893, entered Parliament twenty-two years ago, and became Leader of the Opposition in 1940 and Prime Minister in 1949. He is the type of robust, politically shrewd leader whom the New Zealand electorate understands and appreciates, with few pretensions to polish in debate, but effective nonetheless—a doughty fighter with the cutlass rather than the rapier. Under his courageous, energetic and enthusiastic leadership his party was raised from a remnant of nineteen to a government with a handsome majority in 1949. During his term of office he has made six visits abroad to participate in Commonwealth or other international discussions. Domestically his contribution has been to stabilize the Welfare State while promoting substantial development and moving cautiously in the removal of controls. He retired in the knowledge that he leaves the party in good heart, and that he has served his country well. The announcement that Her Majesty had bestowed the G.C.B. on the Prime Minister was received throughout the country as an honour well deserved.

Three senior Ministers, who are all highly respected and have considerable influence, have also indicated that they will not stand for re-election: Sir William Sullivan (Labour) who retired from politics some months ago, Mr. T. L. Macdonald (External Affairs and Defence) and Mr. E. B. Corbett (Maori Affairs and Lands).

It is a tribute to Mr. Holyoake, Sir Sidney's successor as Prime Minister that, instead of finding the Department of Agriculture a road to political extinction as is the common fate, Mr. Holyoake, after eight years, continues to hold the confidence of the farming community, and has become leader of his party instead of committing political suicide. Like his predecessor, he has represented New Zealand abroad with distinction, enhancing his international reputation as Chairman of the Conference of the United Nations Food and Agriculture Organization in 1955, and his national prestige by his handling of the recent trade negotiations in London under very difficult circumstances. This latter experience particularly should prove salutary in the formulation of external trade policy, which is likely to prove more difficult than the handling of domestic affairs.

Since Mr. Holyoake is also a dynamic leader there appears to be little expectation that the change of leadership will diminish the Government's chances at the polls.

New Zealand,
November 1957.

RHODESIA AND NYASALAND

VISIT OF THE QUEEN MOTHER

THE period June to November has had its full content of interest for the Federation of Rhodesia and Nyasaland. Copper prices have tumbled to under £200 a ton; the raising of the bank rate in the United Kingdom has postponed indefinitely the raising of our next £10,000,000 loan in London; and we have been gladdened by the visit of the Queen Mother, who charmed us all and did much to help relationships between Europeans and Africans.

The installation of Her Majesty Queen Elizabeth the Queen Mother as first President of the University College of Rhodesia and Nyasaland on July 5 was not only one of the most impressive ceremonies we have witnessed, but it was one of the most significant occasions in our short history. Fanfares of trumpets and a great welcome from more than 3,000 guests of all races greeted Her Majesty when she alighted at the open-air amphitheatre.

Territorial Budgets

JULY was Budget month.

The Financial Secretary of Northern Rhodesia, Mr. R. A. Nicholson, announced a planned surplus of £37,000 on services costing £18,240,000; this necessitated slight increases in taxation, the most important of which was a 3d. per gallon tax on petrol.

It is to the private section of the economy that we must look for the main fruits of our development effort, [said Mr. Nicholson]. We are accordingly entitled to do everything in our power to attract enterprise and capital to this part of the Federation. One way of doing this is to keep taxation of incomes down to a minimum . . .

Mr. Hatty, Southern Rhodesian Minister of the Treasury, also announced a 3d. per gallon tax on petrol, and stated that his Government was so concerned with the possible fall in revenue from copper that they had looked forward to 1958-59 in the framing of this year's budget.

Pointing out that the falling price of copper would have an effect on the income accruing to the Colony from its share of Federal income tax revenue, the Minister said that in this financial year the share would be £5,530,000. Next year it would drop to about £4,600,000. However, the income from the Territorial surcharge was rising and this fully justified the Government's policy of encouraging and assisting every valuable and appropriate form of economic development in the Colony. He pointed out that if the Government had considered the present year only, it would have been possible to show a very buoyant position indeed. Estimated expenditure from revenue would be £18,847,000 and an accumulated surplus of £1,085,000 would be put aside to meet the 1958-59 position.

Mr. Macintyre, the Federal Minister of Finance, announced the expenditure of £56,180,000 from revenue funds and was also concerned with the drop

in copper revenue, but took no strong steps to prepare for what he feared, other than to warn the people of the Federation that they should save rather than spend, for, he said: "we cannot pretend that, all things considered, we are in as favourable an economic position as we were at this time last year".

The fall in copper prices and profits had been expected, and no one would have worried if the bottom figure had been around £240, but a drop of a further £50 has been depressing. The quarterly reports of the Roan Antelope and the Mufulira Mines, which also give the results of the year's working for 1956-57, show that the estimated profits over twelve months before taxation have fallen by almost £13,000,000. The taxation on these mines, which is calculated in arrear, will not be reflected in the Federal and Territorial budgets until 1958-59. An idea of the effect of the low prices is seen in the fact that although Mufulira sold 3,000 tons more copper than in the previous year the return dropped from £31,534,000 to £24,897,000.

In a fast-developing young country such as the Federation money for development is needed by both government and private enterprise. It is a bad year that has halved our copper price and seen the United Kingdom bank rate raised to 7 per cent. Fortunately our own Central Bank has been established and the Governor, Mr. A. P. Graffety-Smith, said in Salisbury on September 23 that the Bank would do everything in its power to restrain a rise in the interest rates in Southern Rhodesia. Regarding our general position he said: "Our situation is a good deal sounder than it was 12 months ago. The credit squeeze and the fall in the price of copper have combined to exert a restraining influence on what was undoubtedly an inflationary position. . . ."

Before leaving budgets and copper prices a statement by Mr. O. B. Bennett, General Manager of the Rhokana Corporation, is worth quoting so that our copper position may not get out of perspective. Mr. Bennett said that if taxation and rail rates were kept within reason the Copperbelt could not fail to keep a leading, if not the leading, position among the copper-producing countries of the world. It was true that at the moment the supply of copper had outstripped demand, but this was a temporary phase and would be corrected by the steady increase in the use of copper throughout the world. He continued:

It is not generally realized that there is an almost constant relationship between the consumption of steel and the consumption of copper; and the fact that in every country in the world plans are afoot for increases in the output of steel is bound to mean a corresponding increase in the consumption of copper.

The Dam

AND while some things rise and some fall, the Kariba Dam definitely goes up. In this world-class hydro-electric power project, which harnesses the Zambezi River, another £17,700,000 has been earmarked for this year's expenditure and the work continues well up to schedule and with great enthusiasm. The largest single amount for this year's spending will be £7,600,000 from the International Bank. But while Kariba spells hydro-electric power it will also launch one of our biggest fisheries. In Southern

Rhodesia there are about 9,000 dams, most of them small, but almost all of them stocked with fish. Kariba, a lake nearly 200 miles long, will produce fish to help meet the protein needs of our fast-growing population. This will not be accomplished without a great deal of effort, for it calls for the clearing of 150,000 acres of trees from the site before the water rises. In money this means £3,000,000 on preparations.

Mr. Roberts, Director of Irrigation, Southern Rhodesia, put the position:

Because the fishermen will have to use nets, the successful tenderer will have to clear to ground level and remove or destroy all vegetation to within an inch of the ground. Nothing must be left lying around which is more than an inch in diameter or more than six feet long.

Mr. Geo. Spaulding, American Investment Adviser, in his final report to the Federal Government stated that:

1. Abundant power from Kariba would be a stimulant to industrial development.
2. Lack of adequate transport facilities over large areas of potential promise was a deterrent to development of those areas.
3. It would be possible to start several small industries when more iron and steel was produced at Que Que.
4. There was a conspicuous opening for a large, integrated textile manufacturing business.
5. The general impression of people in the United States was that in Central Africa a civilization was being slowly and laboriously hacked out of the jungle, with tse-tse flies and predatory animals contesting every inch of the advance. Nevertheless about £25,000,000 of private American capital had been invested to date.

In Southern Rhodesia steady expansion of industry is taking place. 1957 will probably set a new record of £25,000,000 for mineral production, and two good examples of the development of secondary industry are the decision by the Bata Company to double its output at a cost of £250,000 and the decision of the Dunlop Company to set up a factory for the production of tires at a capital cost of £1,500,000.

Constitutional Complexities

HOWEVER, in the midst of development that proceeds at a rate second to none, and of great prosperity, the real issues are concerned with human relations, with the fact that we are a multi-racial Federation with a difficult Constitution.

Southern Rhodesia has led the way towards liberalizing the franchise with a new electoral law, the provisions of which will make it possible for the eight or ten thousand Africans who have received ten years of education to get the vote. There is a common roll and qualifications for it are high, but it has no racial characteristics of any kind, and in general the amendments have been well received by both Africans and Europeans. Northern Rhodesia has not yet made her proposals public but it is expected that they will also be liberal and that legislation will be passed in 1958.

The Federal Government decided to increase the size of the Federal House, which is a necessary and desirable step. Alongside of this comes a new Federal Electoral Act which introduces a racial set-up, made necessary, according to Sir Roy Welensky, by the Constitution. The Constitution provides for special African representation, so that *prima facie* there is a case for the Federal Government's contention. Many citizens, however, both Africans and Europeans, disagree with racial rolls and hold that, in Southern Rhodesia anyway, it is undesirable to introduce a special African roll with limited powers of voting. The whole question lies at present before the people and also before the British House of Commons. The outcome is of the greatest importance and there is a body of opinion within the Federation which holds that the Federal electoral proposals should have matched those of Southern Rhodesia, and that should they now be found to be so unacceptable to Africans that they do not enrol, then franchise proposals must be brought up at the 1960 Conferences on the Constitution. If such a thing should happen then it will be recognized that the Federal Government has missed its opportunity to legislate for a fair franchise viable for a twenty-year period and will find it impossible to get as sound terms under the special circumstances surrounding 1960.

The recent visit to this part of the Commonwealth of a group of Members of Parliament under the leadership of the Hon. Richard Wood stirred up some controversy. The Members of Parliament were asked importunately for their views and then when they gave them were criticized for their temerity in having views—for they were the wrong kind. At first an attempt was made to condemn Mr. Callaghan for his view that Dominion Status should not be given in 1960, but it was soon quite evident to those who wished to know the truth that all the Members of Parliament were unanimous in this opinion. In actual fact this is the opinion held by a great many people here also, for one thing we do not want is the name of Dominion without the grant of full sovereignty.

Lord Home's visit and his firm pronouncements have left no room for doubt on this subject and in 1960, when the five governments consider the Constitution, plans will no doubt be laid for the advance of Northern Rhodesia and Nyasaland to full self-government and for the eventual acceptance of the Federation itself as a full member of the Commonwealth.

We were glad to welcome Lord and Lady Dalhousie on October 8. Lord Dalhousie has youth and vitality and follows the fine example of service set by our first Governor General, the late Lord Llewellyn.

Central Africa,
November 1957.

**YIELD OVER 10 YEARS
EQUIVALENT TO**

**5½%
4%**

4½% Defence Bonds are a really attractive investment with absolute capital security.



Interest of 4½% payable half-yearly — plus 5% Income-Tax-Free Bonus after 10 years (or 2% if encashed between 5 and 10 years).



Total return over 10 years for anyone liable to income tax at the present standard rate of 8/6d. is equivalent to 5½% gross (worth even more to surtax payers).



You can hold £1,000 of these Bonds in addition to any you inherit and to Bonds of earlier issues.



You can buy Defence Bonds in units of £5 from Post Offices, Banks, or through your Stockbroker.

INVEST NOW IN

**4½%
4%**

DEFENCE BONDS

Issued by the National Savings Committee, London, S.W.3

encls

PRINTED IN GREAT BRITAIN
AT THE UNIVERSITY PRESS, OXFORD
BY CHARLES BATEY
PRINTER TO THE UNIVERSITY

